

STATE OF MAINE PUBLIC UTILITIES COMMISSION



2011 Annual Report

February 1, 2012

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State of Maine Public Utilities Commission



Commissioners

Thomas L. Welch
Chairman

This Annual Report summarizes the breadth and depth of the Maine Public Utilities Commission's (Commission) work in 2011. During this year, the Commission took action regarding a number of projects designed to improve utility infrastructure in the State and continued to participate in regional and national forums regarding issues that affect Maine consumers. The Commission, at the Legislature's direction, also developed a plan to reform the telecommunications industry in Maine as a result of growing competition in the industry. This letter outlines these efforts, which are described in more detail in the body of the report.

Infrastructure Deployment

Vendean V. Vafiades
Commissioner

Construction of the Maine Power Reliability Project (MPRP), approved in 2010, continued during 2011 and the Commission approved the construction of a new electric transmission line in Central Maine which is intended to improve reliability and transfer capability in the local Somerset County area. The Commission also approved the deployment of advanced metering infrastructure (AMI or "smart meter") systems by CMP.

David P. Littell
Commissioner

Division Directors

Derek Davidson
Consumer Assistance

Natural gas prices continued to be much lower than oil, spurring a strong interest in natural gas conversion for all customer classes. As a result, Maine's gas utilities have been adding customers at a robust rate and other entities, such as Kennebec Valley Gas Company and the Town of Madison, have been working to develop new gas utilities to expand natural gas service to more areas in Maine.

Karen Geraghty
Administration

Andrew Hagler
Telephone and Water

Consistent with a national effort to improve emergency response, Maine is moving to the next evolutionary step in 9-1-1 known as Next Generation 9-1-1 (NG9-1-1). NG9-1-1 will allow the public to use the full range of communications media, including text messages, photographs, streaming video with handheld devices using Internet Protocol (IP) technologies for transmission, and automatic crash notification systems such as OnStar™ to reach emergency service responders. With the existing contract for 9-1-1 services to expire in October 2013, the Commission issued a Request for Proposals for a NG9-1-1 system in August of 2011, and expects to contract with an NG9-1-1 provider early in 2012.

Faith Huntington
Electric and Gas

Maria Jacques
E-911

Joanne Steneck
Legal

State and Regional Efforts Affecting Electricity Prices

The Commission conducted several standard offer service procurements in 2011, the last one being in December in which the Commission accepted bids from electricity suppliers to serve residential and small commercial customers of CMP and BHE. Prices fell, largely due to low natural gas prices which in turn led to lower New England electricity wholesale prices. The Commission also continued to participate in regional forums and at FERC regarding issues that affect Maine electricity consumers, focusing on transmission issues, including Federal and regional reliability standards, and efforts to secure greater transparency and accountability at ISO-NE.

Telecommunications Regulatory Reform

During its 2011 session, the Legislature directed the Commission to develop a Plan to reform regulation of retail telecommunications in Maine to reflect and enhance competition in the industry. The Commission delivered its Plan to the Energy, Utilities and Technology Committee on December 30, 2011. The Plan eliminates virtually all oversight by the Commission of retail telephone services. The only retail service that would continue to be regulated is Provider of Last Resort (“POLR”) service – a minimum level of service that the Commission believes should be available as a choice for all consumers in the state at a reasonably low price. The Legislature will consider the Commission’s Plan during the 2012 session. The year also saw FairPoint’s emergence from Chapter 11 bankruptcy protection.

Transitions

The Commission’s Efficiency Maine Division was transferred to the Efficiency Maine Trust in July 2010 and the Trust now operates independently from the Commission.. The make-up of the Commission changed as well in 2011. Chairman Jack Cashman retired and Tom Welch, who previously served as Chairman from 1993 to 2005, was reappointed to the Commission and returned as Chairman in April.

In all aspects of its work, the Commission continues to exercise its regulatory, adjudicatory and public policy responsibilities to ensure that the rates paid by Maine residential and business consumers for utility services are just and reasonable, and services provided follow good utility practices. We look forward to working with the Legislature in the coming year on energy and utilities issues.

With regards,



Thomas L. Welch
Chairman



Vendean V. Vafiades
Commissioner



David P. Littell
Commissioner

THE MAINE COMMISSION

The Maine Public Utilities Commission regulates electric, gas, telephone and water utilities to ensure that Maine citizens have access to safe and reliable utility services at rates that are just and reasonable for residential and business consumers.

The Commission, created by the Maine Legislature in 1913, now has broad powers to regulate approximately 430 utility companies and districts that generate nearly a billion dollars a year in electric, telephone, water, and gas utility revenues. The Commission also responds to customer questions and complaints, grants utility operating authority, regulates utility service standards and monitors utility operations for safety and reliability and has limited authority over rates and service of ferry transportation.

Like a court, the Commission adjudicates cases and may take testimony, subpoena witnesses and records, issue decisions or orders, hold public and evidentiary hearings, and encourages participation by all affected parties, including utility customers. The Commission also conducts investigations and rulemakings, investigates allegations of illegal utility activity and responds to legislative directives.

The three full-time Commissioners are nominated by the Governor, reviewed by the Legislature's Joint Standing Committee on Energy, Utilities and Technology and confirmed by the full Senate, for staggered terms of 6 years. The Governor designates one Commissioner as Chairman. The Commissioners make all final Commission decisions by public vote or action of the majority.

The Commission's staff includes accountants, engineers, lawyers, financial analysts, economists, consumer specialists, and administrative and support staff. It is divided into six operating areas according to industry area or function.

The Telephone and Water Division and the **Electric and Gas Division** are designated to work on the issues related to these industries. Division staff conduct financial investigations and analyses of utility operations, analyze applications by utilities to issue securities, advise the Commission on matters of rate base, revenues, expenses, depreciated and cost of capital, engineering, rate design, energy science, statistics and other technical elements of policy analysis for all utility areas.

The Emergency Services Communication Bureau manages the statewide Enhanced 9-1-1 (E9-1-1) system, including program development and implementation.

The Consumer Assistance Division (CAD) provides information and assistance to utility customers to help them resolve disputes with utilities. CAD investigates a variety of complaints involving utility service including: quality of utility service, billing disputes, payment arrangements, rates or charges, disconnection, and utility repairs. The CAD processes complaints and determines what utility practices, if

any, should be corrected. The CAD also educates the public and utilities about consumer rights and responsibilities and other utility-related consumer issues, and evaluates utility compliance with state statutes and Commission rules.

The Legal Division provides hearing officers in cases before the Commission and assists in preparing and presenting Commission views on legislative proposals. This division also represents the Commission before federal and state appellate and trial courts, and various regional and federal administrative and regulatory agencies.

The Administrative Division handles day-to-day operational management of the Commission, with responsibilities for fiscal and personnel matters, contract and docket management, and the physical plant. The administrative staff also provides support services to the other areas of the Commission and coordinates Commission activities.

TELECOMMUNICATIONS

THE TELEPHONE INDUSTRY IN MAINE

The Commission regulates telephone service including landline local exchange service and in-state interexchange (or long distance) service. The Commission does not regulate the broadband services offered by telephone, cable television, or cellular telephone companies. Interstate services are regulated by the Federal Communications Commission (FCC), which also has exclusive regulatory jurisdiction over wireless mobile carriers.

The Commission regulates three types of landline carriers: Incumbent Local Exchange Carriers (ILECs) whose service territories were established before competition developed in the telecommunications market; Interexchange Carriers (IXCs) that provide in-state or intrastate long distance services; and Competitive Local Exchange Carriers (CLECs) that provide local service in competition with the ILECs and other CLECs. A map showing the State's ILEC territories appears at the end of this section.

The Commission's regulation of competitive providers is more relaxed than its regulation of traditional ILEC services, as market forces tend to discipline the prices for competitive services. For instance, CLECs and IXCs are not required to file retail tariffs and ILECs are not required to file tariffs for their competitive bundled service offerings. Consumer protections do apply to competitive services as does the complaint resolution process of the Commission's Consumer Assistance Division.

KEY EVENTS

- The Legislature directed the Commission to develop a plan to reform regulation of retail telecommunications in Maine. The plan was submitted to the Joint Standing Committee on Energy, Utilities and Technology on December 30, 2011.
- FairPoint emerged from bankruptcy on January 24, 2011.

INDUSTRY TRENDS

Competition The telecommunications industry in Maine is characterized by increasing competition. All consumers can obtain long distance service from an IXC other than their local exchange carrier. CLECs also serve a large portion of Maine's customers. Telephone service deploying Voice over Internet Protocol (VoIP) technology – particularly the offerings of Time Warner and Comcast – competes aggressively with traditional ILEC service in those areas where cable broadband is available. The mobile cellular market continues to grow and there are now more cell phone subscribers in the state than there are wireline service accounts. An increasing number of customers are substituting mobile wireless service for traditional wireline service.

Broadband The Commission does not directly regulate broadband services, although it does support the state's goal of extending broadband access to reach as many Maine customers as possible. The Commission's order approving FairPoint's acquisition of the network previously operated by Verizon requires FairPoint to expand broadband coverage throughout its network, and the Commission continues to monitor and enforce that obligation.

Universal Service On October 27, 2011, the Federal Communications Commission (FCC) voted to implement changes to the federal Universal Service Fund (USF) program. These changes are intended to redirect a substantial portion of the explicit subsidies historically paid to telephone companies operating in high-cost areas to expand the availability of broadband service. Maine is presently a net recipient of federal USF support, and federal USF support constitutes a significant portion of the operating revenues of many of the small rural telephone companies in Maine. The FCC will also modify the mechanisms by which telephone companies pay one another for the use of each other's facilities (Intercarrier Compensation). The Commission filed comments in the FCC's proceedings in these matters, and contributed its expertise to the National Association of Regulatory Utility Commissioners (NARUC), which filed its own comments.

It is too early to know precisely how the changes to the federal USF and the Intercarrier Compensation regime will impact Maine's telephone companies, as the changes will take place over a period of several years. In addition to fulfilling the state role in implementing these changes, the Commission will continue its advocacy role at the FCC to help maximize the amount of federal support flowing to Maine's telecommunications carriers.

Preservation of Area Code 207 The Commission continues to enforce measures designed to ensure that telecommunications carriers use numbering resources in Maine efficiently so as to maintain a single area code in the state (207) for as long as possible. In this regard, the Commission enforces rules and guidelines established by the FCC. Overall, the industry has cooperated with these efforts while at the same time meeting the needs of their customers for telephone numbers. With more people using wireless phones and devices, however, there has been increased pressure on the state's numbering resources. Recent forecasts project that the 207 area code will be exhausted by the third quarter of 2018. This recent forecast moves up, by two quarters, the previous projected exhaustion date. The Commission will continue, and likely increase, its activities to promote number conservation in an effort to delay the need to establish a second area code in the state.

CASES AND EVENTS

Regulatory Reform Plan The 125th Legislature adopted Resolves 2011, Chapter 69, directing the Commission to develop a Plan to reform regulation of retail telecommunications in Maine in order to enhance the growth of competition in the industry. The Commission delivered its Plan to the Joint Standing Committee on Energy, Utilities and Technology on December 30, 2011.

In broad outline, the Plan eliminates virtually all oversight by the Commission of retail telephone services. The only retail service that would continue to be regulated is Provider of Last Resort (“POLR”) service – a minimum level of voice service that the Commission believes should be available as a choice for all consumers in the state at a reasonably low price. Under the Plan, ILECS are designated as providers of POLR service, and are required, initially, to offer that service at the price they currently charge for basic local exchange service. Additional revenues for POLR service may be requested, in the form of an authorized POLR rate increase and also an increased level of state USF support. Support levels would be set using a forward looking proxy cost model to be developed by the Commission, as opposed to using the traditional, embedded cost method. The Plan also authorizes the Commission to consider requests by POLR carriers to be relieved of their POLR obligations, either where competitive conditions in a particular area are so robust as to obviate the need for a POLR service offering, or where a substitute carrier is capable of providing quality POLR service at a reasonable price. The Plan retains some, but not all, of the consumer protection rules that currently exist, but applies them only to POLR service. The Plan would not alter the Commission’s authority with respect to the regulation of wholesale obligations between carriers.

FairPoint Reorganization FairPoint emerged from Chapter 11 bankruptcy protection on January 24, 2011. The primary financial effect of the reorganization was that FairPoint’s debt was reduced from \$2.7 billion to \$1.0 billion and existing equity held by shareholders was extinguished. A bank group holding bonds, and secured creditors, became the initial shareholders of the new FairPoint stock.

The plan of reorganization adopted provisions of a Regulatory Settlement approved by the Commission. The Regulatory Settlement modified several of the broadband build-out conditions imposed by the Commission when it approved the FairPoint/Verizon merger in 2008. These modifications include a reduction by 3%, of the five-year build-out requirement to 87%, relief from previously imposed pricing restrictions for unregulated broadband service, and a delay, by three months, of the starting date for the payment to ratepayers of rebates associated with FairPoint’s 2008/2009 SQI performance.

FairPoint Service Quality Index (SQI) FairPoint operates under incentive regulation (AFOR) by which its basic service rates are capped for a period of years, and operating efficiencies realized by the company during the period benefit shareholders. A significant component of an AFOR is a Service Quality Index (SQI), the purpose of

which is to ensure that operating efficiencies do not come at the expense of service quality. Under the SQI, various service metrics are tracked, and performance below established benchmarks triggers rebates that must be paid to FairPoint's customers. When the existing AFOR was approved in 2008, it included a "multiplier" mechanism to automatically increase rebates when FairPoint failed to meet a given benchmark in two or more consecutive years. In the 2008/2009 SQI year, FairPoint missed 12 metrics leading to rebates of \$8,021,257. The following year, when FairPoint missed 10 metrics -- several for the second consecutive year -- and application of the "multiplier" resulted in total rebates of \$9,125,984. In the 2010-2011 SQI, FairPoint missed 4 metrics (several for the third consecutive year). Applying the multiplier, the resulting rebate for that year would have been \$1,777,245. However, Section 3.2 of Resolve 2011, Chapter 69 enacted by the Legislature in 2011 (LD 1466), provides that the Commission may not enforce the provisions of the FairPoint AFOR establishing a multiplier mechanism for repeated failures by the Company to meet its SQI benchmarks. Consequently, the rebate for 2010/2011 was reduced to \$592,415.

In 2011, FairPoint filed a petition requesting that it be permitted to retain a portion of the SQI customer rebate funds for use in funding additional capital expenditures to further build out its broadband network. The Commission rejected this proposal as inconsistent with the purpose for which the SQI rebates mechanism is included in the AFOR.

FairPoint Performance Assurance Plan (PAP) proceeding A portion of FairPoint's wholesale business is operated pursuant to a Performance Assurance Plan (PAP). The PAP was designed, generally, to ensure that FairPoint does not unfairly favor its own retail interests over CLECs purchasing wholesale service from FairPoint. The PAP was established at the time that the Commission recommended to the FCC that Verizon be authorized to re-enter the long distance market (a business denied to the "baby Bells" at the time of the breakup of AT&T).

The PAP is similar to the SQI in that performance is measured with metrics and benchmarks. The failure by FairPoint to meet these benchmarks results in credits made to the wholesale accounts of CLECs purchasing services from FairPoint. The PAP is identical in Maine, Vermont, and New Hampshire. The Commission, along with the regulatory bodies in Vermont and New Hampshire, recognizing that the PAP metrics are both numerous and extremely complex, has been conducting joint, collaborative proceedings with FairPoint and the relevant CLECs in an attempt to simplify the PAP mechanism. Significant progress has been made and the effort is ongoing.

FairPoint Broadband Build-Out Obligation On January 20, 2011, FairPoint filed a Notice of Broadband Compliance asserting that as of December 31, 2010, it had met the first milestone (83%) towards the completion of its broadband buildout project. FairPoint's obligation to invest in its network by increasing broadband penetration was a significant condition of the Commission's January 2008 Order authorizing the company to take over the Verizon's network in Maine. The build-out commitment was

subsequently reduced in a Regulatory Settlement approved by the Commission in conjunction with FairPoint's reorganization in bankruptcy. Following FairPoint's January 20, 2011 filing, the Commission held hearings to consider issues related to FairPoint's method of calculating the percentages used to measure its compliance with the build-out requirement. The Commission resolved those issues on November 29, 2011, finding that the calculation of broadband penetration must be based on the number of access lines through which customers can actually receive broadband service, as opposed to a calculation which gauges penetration solely on the basis of the existence of DSL equipment located at a central office or remote terminal. A compliance filing will be made shortly.

Time Warner and CRC Requests for Interconnection The federal Telecommunications Act of 1996 (TelAct) includes a provision exempting small rural ILECs from certain statutory obligations that are otherwise intended to encourage competition in the local exchange market. CRC Communications (CRC), a CLEC providing wholesale services to Time Warner in support of Time Warner's Digital Phone service, requested interconnection with five rural ILECs: Oxford Tel., Oxford West Tel., UniTel, Lincolnville Tel., and Tidewater Telecom. The Commission conducted proceedings under the TelAct to determine whether the rural exemption should be "lifted," thereby requiring the rural ILECs to negotiate interconnection agreements as requested by CRC and Time Warner. In June, 2010, following extensive hearings, briefs, arguments, and analysis, the Commission found that lifting the rural exemption would either create an undue economic burden to the rural ILEC or that it would be inconsistent with the universal service goals of ensuring quality phone service at just, reasonable and affordable rates for all Maine citizens and improved access to advanced telecommunications and information services.

In its ruling, the Commission considered the financial ability of the rural companies to withstand competition and remain viable providers of last resort. It found that in this instance, where Time Warner was not proposing to expand the availability of its service throughout the entire service territory of the rural companies, selective competition would undercut the ability of the rural companies to fulfill their provider of last resort obligations.

CRC and Time Warner did not appeal from the Commission's decision. However, on July 15, 2010, they filed a Petition for Preemption with the FCC claiming that the Commission had incorrectly interpreted the rural exemption provision of the TelAct. On May 25, 2011, following the submission of written briefs and "ex-parte" meeting with interested parties (including the Commission) the FCC issued a Declaratory Ruling declining to preempt the Commission's decisions in the rural exemption cases. However, the FCC ruling set forth an interpretation of the rural exemption, and other provisions of the TelAct, that is substantially different than the interpretation that the Commission had adopted.

Following the FCC's Declaratory Ruling, CRC and Time Warner renewed their requests of the rural ILECs for interconnection and related services. The rural ILECs, in

turn, filed petitions pursuant to Section 251(f)(2) of the TelAct, requesting that the Commission suspend or modify certain interconnection-related requirements of the federal law. The Commission has opened proceedings to consider these requests. The resolution of these matters, like the previous “rural exemption” proceedings, will determine whether (and to what extent) the five rural ILECs will be required to enter into interconnection agreements (and the price that will be paid for such interconnection) that facilitate the offering by Time Warner of its competing VoIP service within the service territories of the rural ILECs.

Rapid Response On April 10, 2002, the Commission adopted a Rapid Response Process to address disagreements between FairPoint and Competitive Local Exchange Carriers that purchase wholesale services from FairPoint. The Commission delegated to its staff, the Rapid Response Process Team (RRPT), the authority to resolve these complaints.

In 2010 and 2011, the RRPT resolved six Rapid Response complaints involving three different competitive carriers concerning billing disputes, disagreements regarding FairPoint’s provision of particular services to competitive carriers at wholesale rates, service quality issues, the ability of competitive carriers to place service orders with FairPoint, and, generally, the obligations of carriers under federal law.

INVESTIGATIONS

Investigation into Requirements of Certain VoIP Providers In October, 2010, the Commission found that the VoIP services offered by Time Warner Cable Digital Phone LLC, and Comcast Phone of Maine, LLC, are “telephone services” under Maine law and are therefore subject to regulation by the Commission. It also found that these particular VoIP services are “telecommunications services,” and not “information services,” pursuant to the federal Telecommunications Act, and that the Commission’s authority to regulate these services has not been preempted by federal law. Pursuant to the Order, Time Warner and Comcast were required to petition for authorization to provide telephone service in Maine. Each company complied with this requirement by shifting its voice customer accounts to already-existing, certificated Maine subsidiaries.

Comcast (but not Time Warner) filed an appeal to the Law Court from the Commission’s Order. Although the matter was briefed and oral arguments scheduled, the Court stayed the appeal pending consideration by the Legislature of the Resolve 2011, Chapter 69 (LD 1466). The Resolve expressly prohibits the Commission from regulating interconnect VoIP service as a telephone service under Title 35-A. As a result, the Law Court appeal of the Commission’s Order finding VoIP to be a telephone service was dismissed as moot.

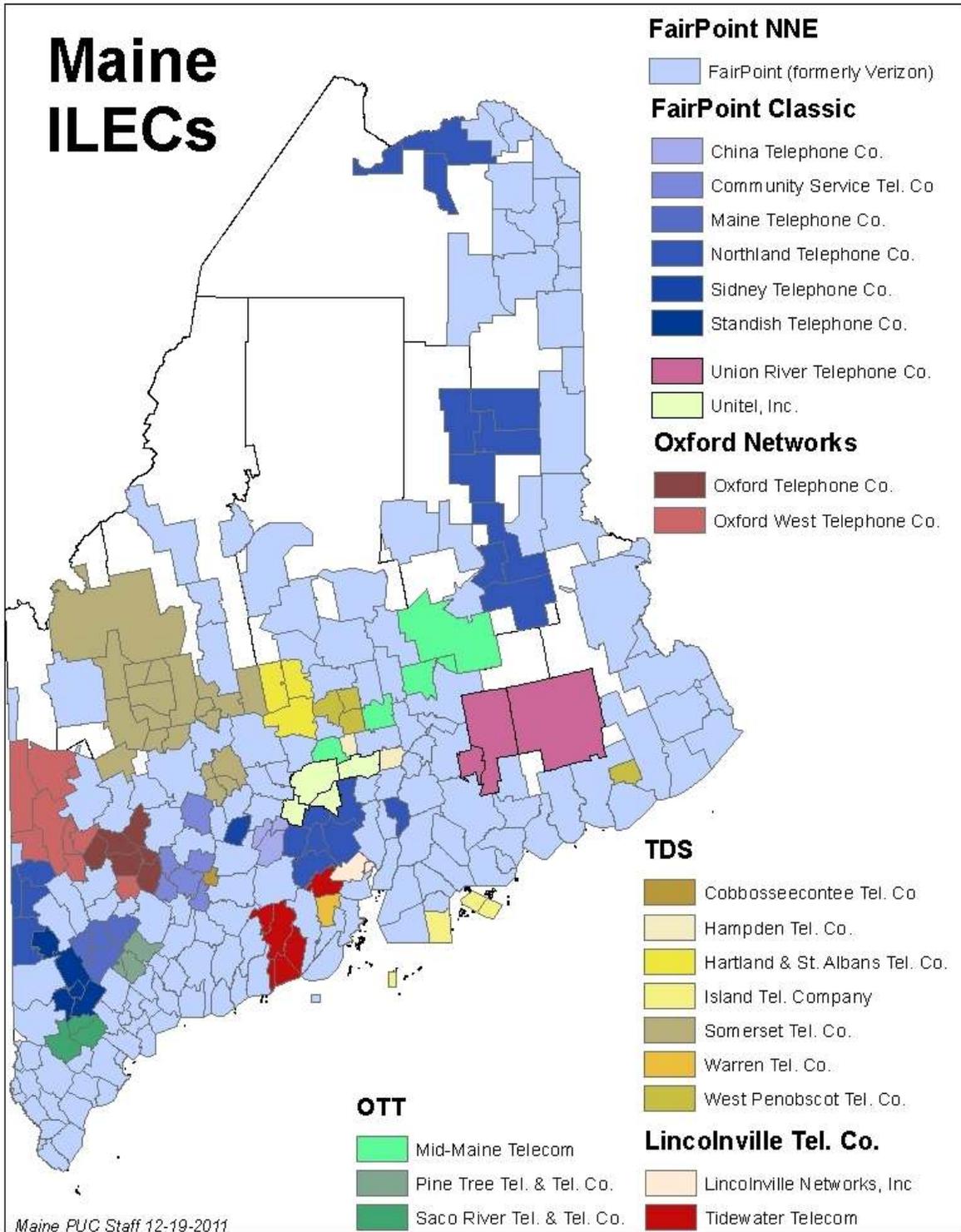
LEGISLATIVE MANDATES

Maine Telecommunications Education Access Fund (MTEAF) The Commission administers the MTEAF, which provides funding to Networkmaine (an entity within the University of Maine System) to operate the Maine School and Library Network (MSLN). The MSLN provides funds for qualified schools and libraries within the State for high-speed Internet access, content databases and search capabilities, content filtering and training, as needed. The MTEAF receives funds from all telecommunications carriers offering telecommunications services in the State. During 2011-2012, the Fund will collect 0.3% of retail charges for intrastate telecommunications services or approximately \$1.9 million.

The carriers may pass on their MTEAF contributions in the form of a surcharge that must be explicitly identified on their customers' bills. An independent administrator selected by the Commission implements the process of collecting the required contributions and paying the MSLN's expenses. The Commission approves the annual budget request from Networkmaine and establishes the contribution rate.

Public Interest Phones (PIPs). Beginning in 2007, in response to Maine law and Chapter 252 of the Commission's Rules, the Commission oversaw the installation of Public Interest Payphone (PIP) sites throughout Maine. During 2011, a total of 5,345 calls were placed through October 2011 from the 38 PIPs. The annual cost of the program which is funded through the Maine Universal Service Fund (USF) is \$42,560.

Maine ILECs



Maine PUC Staff 12-19-2011

ELECTRIC

THE ELECTRIC INDUSTRY IN MAINE¹

Electricity comprises two distinct components: delivery and supply. Delivery includes transmission, distribution and customer-related functions such as metering and billing, and supply includes the production and provision of electric energy and capacity. In Maine, delivery is considered to be a monopoly service and, thus, is fully regulated. Supply is not considered to be a monopoly service, and is provided by various entities through wholesale and retail markets. Consumers receive delivery service from a regulated transmission and distribution (T&D) utility, and supply service from a licensed competitive electricity provider (CEP).

The Commission fully regulates the operations and rates of the T&D utilities, except for transmission rates, which are regulated by the Federal Energy Regulatory Commission (FERC). With respect to supply, the Commission licenses CEPs, oversees the retail market, and administers competitive procurement processes for standard offer service and other power supply, including long-term contracts for capacity, energy, and renewable supply. The Commission also monitors the regional wholesale markets and related activities of the New England Independent System Operator (ISO-NE), and advocates for Maine consumers in regional forums and before the FERC.

There are thirteen T&D utilities in Maine: three investor-owned utilities (IOUs) and ten consumer-owned utilities (COUs). The IOUs, Central Maine Power Company (CMP), Bangor Hydro-Electric Company (BHE) and Maine Public Service Company (MPS), serve about 95% of the total State load. There are currently 171 Maine-licensed CEPs, and during 2011 six different CEPs provided standard offer service. More detail about the T&D utilities and CEPs is provided below. In addition to the T&D utilities and CEPs that provide service directly to retail consumers, there are also several electricity generation facilities located in Maine. Summary information about these facilities is available through the ISO-NE and the Northern Maine Independent System Operator (NMISA).

Electricity use by Maine consumers is currently about 12 million megawatt hours (MWh) per year, with a peak demand of about 2100 MW. Maine is currently a net electricity exporter, with total generation capacity from in-state plants in the range of 3500 MW.

¹ In addition to reporting on the electric industry, this section includes the Commission's Annual Reports on Electric Restructuring required pursuant to 35-A MRSA § 3217, Electric Incentive Ratemaking required pursuant to 35-A MRSA § 3195(5) and Smart Grid Infrastructure pursuant to 35-A MRSA § 3143.

KEY EVENTS

- Deployment of advanced metering infrastructure (AMI or smart meter) systems by CMP and BHE continued throughout 2011, as did several proceedings involving AMI and related pricing programs. As a result of several customer complaints regarding CMP's installation of wireless smart meters, the Commission conducted an investigation and directed CMP to provide customers with two alternatives (opt-out options) to the standard smart meter: 1) an electro-mechanical meter (similar to existing meters); or 2) a smart meter with the radio transmitter turned off. The Commission also continued to consider dynamic pricing programs for customers of CMP and BHE, which are anticipated to be available when the AMI systems are fully operational.
- The Commission authorized construction by CMP of the Somerset County Reinforcement Project, a new, 39 mile-long, 115 kV electric transmission line in central Maine originating at Wyman Hydro substation in Moscow and terminating in Benton.
- Construction of CMP's Maine Power Reliability Program (MPRP), which was authorized by the Commission in 2010, was ongoing throughout 2011. The MPRP Ombudsman, who assists abutting landowners with transmission siting concerns, facilitated the resolution of 35 cases in 2011.
- The Commission is considering a reorganization that would allow Emera Inc., the parent company of BHE and MPS, to become affiliated with owners and a developer of generation assets located in Maine and New England. A Commission decision in this matter is expected in early 2012.
- On February 2, 2011, the Commission issued a Supplemental Order Approving the Triennial Plan, which granted final approval of the Efficiency Maine Trust's (EMT) Plan subject to the requisite legislative funding approvals that the Plan requires.
- The Commission approved updated prices for CMP line extensions and approved revisions to BHE's line extension construction standards.
- In response to an RFP issued on September 1, 2010, the Commission received initial proposals for deep-water offshore wind energy pilot projects and tidal energy demonstration projects on May 1, 2011. The Commission received several proposals for both wind and tidal projects and, during 2011, has been evaluating proposals and working toward contract terms with bidders. The Commission expects to designate winning proposals early in 2012.

- In 2011, the Commission certified three community-based renewable energy projects. All three were wind power projects and all three projects sought a long-term contract by submitting proposals in response to a Commission-initiated RFP. On October 14, 2011, the Commission issued an order directing BHE to enter into long-term contracts with the three wind projects.
- On September 30, 2011, the Commission issued an order selecting 3 Degrees Group, Inc. to launch and manage, for a three-year term, a statewide green power program. The Commission expects that the green power offer will be available to customers during the first quarter 2012.
- The Commission conducted several standard offer service procurements in 2011. Standard offer prices averaged about 8.5 cents/kilowatt hour (kWh) for residential and small commercial consumers. In July, 2011, the Commission declined to designate a standard offer provider for BHE's large non-residential class because of unreasonably high bid prices. The Commission directed BHE to procure supply for this standard offer class from September 2011 through February 2012. In December 2011, the Commission accepted bids from electricity suppliers to serve residential and small commercial customers of CMP and BHE. The new prices, effective March 1, 2012, are 7.4 cents/kWh for CMP and 7.1 cents/kWh for BHE, and will result in overall rate decreases for those customers of about 6%.

INDUSTRY TRENDS

In the electricity markets affecting Maine consumers, wholesale prices remained relatively low and stable. During the twelve-month period ending September 2011, energy prices in the ISO-NE spot market averaged about 4.7 to 4.8 cents per kWh. Forward energy prices were similarly low and stable, as were prices for capacity.

Retail competition remained robust for medium and large commercial and industrial (C&I) customers of CMP and BHE. During 2011, 70%-75% of the load in these customer sectors was served by several different retail suppliers with the remaining load receiving standard offer service. Retail competition remained very limited for residential and small commercial customers, and for all customers in northern Maine.

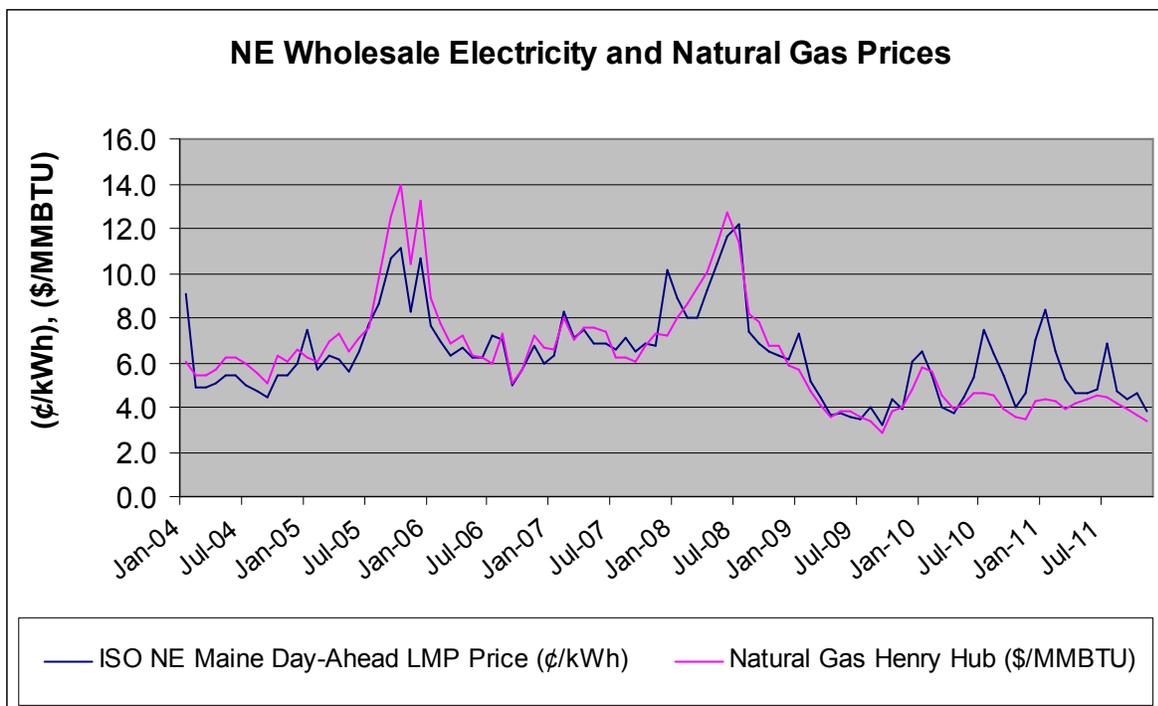
The first ever attempt to do planning across 38 states and Canadian provinces continued during 2011. The Commission was an active participant in the Eastern Interconnection States' Planning Council (EISPC), which was formed with funding assistance from the DOE to help state policy makers compile information and collaborate on similar issues. The next phase of this project will be consideration of three national transmission expansion plans.

The Commission continued to participate in regional forums and at FERC regarding issues that affect Maine electricity consumers. During 2011, focus centered on transmission issues, including Federal and regional reliability standards, the level of returns on equity obtained by transmission owners, and efforts to secure greater transparency and accountability at ISO-NE.

ELECTRICITY SERVICE: PRICES, PROCESSES AND MARKET CONDITIONS

Wholesale Supply Market Electricity supply prices in Maine are determined by wholesale prices in the ISO-NE markets, most notably the market for energy and, to a lesser extent, capacity. During the twelve month period through September 2011, energy prices in the ISO-NE day-ahead spot market averaged 4.8 cents/kWh, which is 3% higher than energy prices during 2010, but still more than 10% below prices on average over the past three years. Figure 1 provides an illustration of wholesale electric energy and natural gas prices over the past 8 years.

Figure 1 – Wholesale Prices for Electricity and Natural Gas



Prices in the regional Forward Capacity Market (FCM) continued to clear at the auction floor prices, which during 2011 were \$4.50/kW-month (January-May) and \$3.60/kW-month (June-December). In terms of retail electricity prices, these FCM costs equate to about one cent per kWh for a typical residential consumer.

Regional Greenhouse Gas Initiative During 2011, Maine continued to participate in the Regional Greenhouse Gas Initiative (RGGI), the market-based effort to reduce greenhouse gas emissions under which ten Northeastern and Mid-Atlantic states have capped and seek to reduce CO₂ emissions from the power sector 10% by 2018. The participating states sell nearly all emission allowances (a CO₂ allowance represents a limited authorization to emit one short ton of CO₂ from a regulated source) through auctions and invest proceeds in consumer benefits, including energy efficiency, renewable energy, and other clean energy technologies. Four quarterly auctions of allowances were held in 2011, with the price for both current and future period allowances at \$1.89. Maine's proceeds from the auctions totaled just under \$5.2 million in 2011, all of which is used to fund efficiency programs through Efficiency Maine Trust.

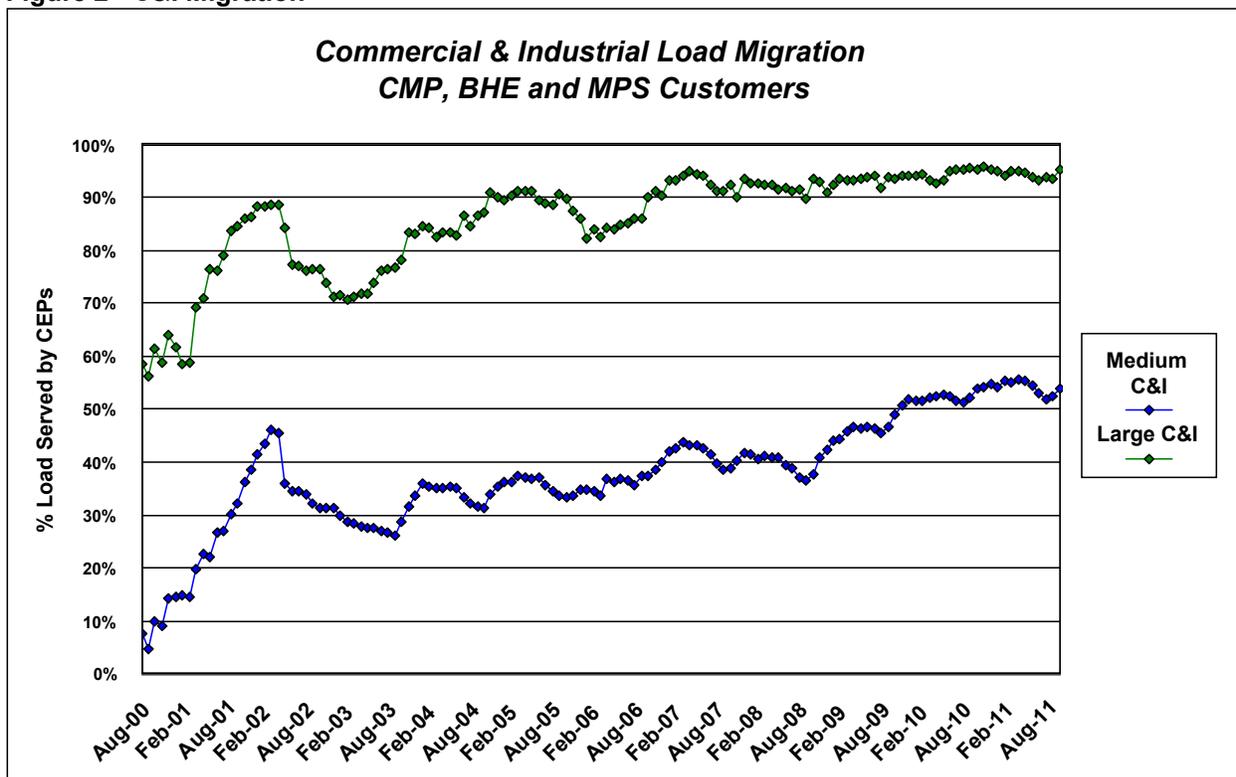
Retail Supply Market Since the enactment of the Maine's Electric Restructuring Act (P.L. 1997, Chapter 306), consumers in Maine have had the right to shop for electricity products and suppliers in the market. As described below, the retail market in Maine is robust for some, but not all, sectors.

The Commission licensed 24 new competitive electricity providers (CEPs) in 2011. CEPs include direct suppliers, as well as brokers and aggregators. In total, there are 171 CEPs currently licensed to operate in Maine, although many of them are not active in the Maine market. A complete list of licensed CEPs is available at: <http://www.maine.gov/mpuc/industries/electricity/ElectricSupplier/ceplist.htm>

The retail market in most areas of Maine continued to reflect a reasonable level of competitive activity in the medium and large commercial and industrial customer sectors. Most of the load of these customers is served by supply arrangements C&I customers acquire directly in the retail market. Terms of service and prices are negotiated between these customers and suppliers, or, in some cases, with the assistance of aggregators or brokers. Depending upon customer preference and supplier product offerings, prices may be fixed for multi-year terms, or, at the other end of the spectrum, prices may change hourly in accordance with real-time or near real-time wholesale markets.

Although migration to and from the competitive market is influenced to some extent by the relationship between standard offer and non-standard offer prices, the prevailing trend is for customers to remain in the market once they have left the standard offer. Figure 2 below shows migration among medium and large customers, and reflects the overall trend from standard offer service to the retail market. Currently, more than half of the load of Maine's medium C&I customers and more than 90% of the load of the large C&I customers is served through individual retail arrangements.

Figure 2 - C&I Migration



During 2011, there was a slight increase in the retail market activity in the residential and small commercial sectors in Maine, but the percent of load served by CEPs for these classes still remains below 5%. However, because Maine’s standard offer providers are chosen through bidding processes, residential and small commercial customers are receiving competitively-procured supply, albeit at the bulk level.

In northern Maine, retail competition remained at low levels during 2011 due to structural and wholesale market deficiencies that characterize the region. These deficiencies have hindered market development since retail access began in 2000. During 2011, there remained only two CEPs (Algonquin Energy Services and NB Power) active in the region.

Standard Offer Service During 2011, the portion of Maine’s electric load receiving standard offer service remained steady at about 60%. By customer class, standard offer service supplied about half of the load of medium C&I customers and less than 10% of the load of large C&I customers in Maine. Standard offer service continued to supply virtually all residential and small commercial customers, as has been the case since retail access began. The Commission conducted several competitive bid processes during 2011, procuring supply for various classes. Figure 3 provides a summary of standard offer suppliers and prices during 2011.

Figure 3 - Standard Offer Prices and Suppliers in 2011

Customer Class	Average Price (¢/kWh)	Suppliers
CMP Residential /Small Commercial	8.6	NextEra
CMP Medium C&I	6.9	Dominion
CMP Large C&I	7.1	Dominion, Constellation
BHE Residential/Small Commercial	8.3	Algonquin, NB Power
BHE Medium C&I	6.8	Dominion, NextEra
BHE Large C&I	7.9	Dominion, BHE
MPS Residential/Small Commercial	7.6	NB Power
MPS Medium C&I	7.6	NB Power
MPS Large C&I	9.2	Algonquin

T&D Service and Rates T&D service includes electricity delivery and customer-related services such as metering and billing. Delivery encompasses high-voltage transmission and lower-voltage distribution systems, including the construction, operation and maintenance of the necessary facilities. T&D is fully regulated for service adequacy, quality and rates. The Commission oversees most aspects of T&D service except, most notably, for transmission rates over which the FERC has jurisdiction. There are thirteen T&D utilities in Maine – three IOUs and ten COUs. The three IOUs serve most of Maine, and among them CMP is the largest, serving about 80% of all Maine load. BHE and MPS serve most of the remaining load, with the COUs serving, in the aggregate, a few percent. Figure 4 below shows the geographic areas each utility serves.

T&D rates comprise three components: transmission, distribution, and stranded costs. Transmission rates cover the cost of constructing and operating the transmission system in Maine, as well as costs allocated to Maine for regional pool transmission facilities (PTF) -- high voltage transmission lines which serve as the backbone of the New England system and are paid for by all New England ratepayers. As noted above, transmission rates are regulated by the FERC. Distribution rates cover costs incurred by the T&D utility to construct and operate the local distribution system, as well as costs for customer-related activities such as metering and billing. Stranded cost rates reflect the net, above-market costs for generation obligations that utilities incurred prior to industry restructuring. Distribution and stranded costs rates are regulated by the Commission.

Figure 4 – T&D Service Areas

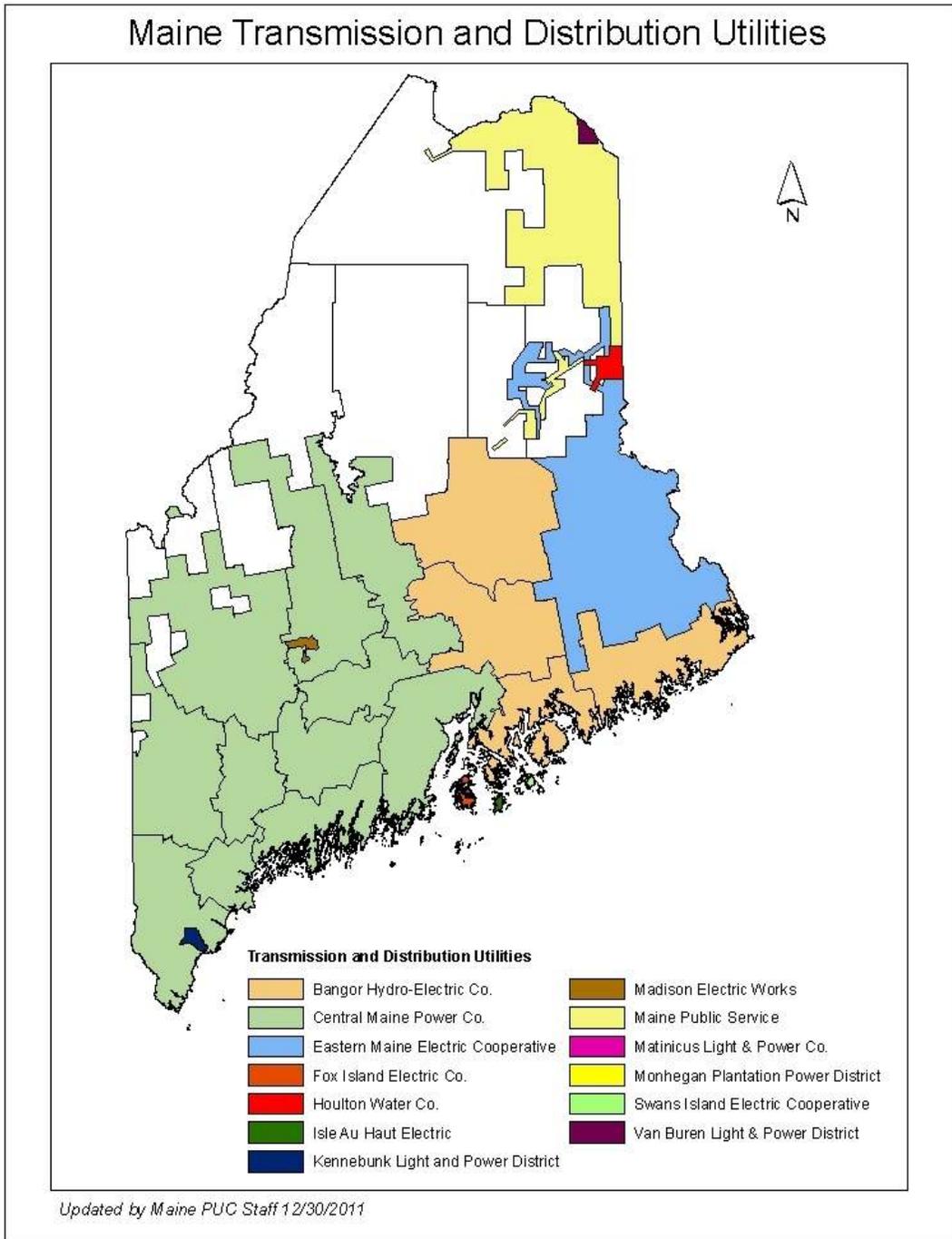


Figure 5 below provides a summary of residential electricity sales and rates by each T&D utility.

Figure 5

RESIDENTIAL RATES IN MAINE									
(As of 3/1/12)*									
	% of State Residential Load	kWh	T&D ¢/kWh	Stranded Cost ¢/kWh	Total Delivery ¢/kWh	Standard Offer Rate ¢/kWh	Total Rate ¢/kWh		
INVESTOR-OWNED UTILITIES									
CMP	78.8%	3,443,899,000	6.3	0.3	6.6	7.4	14.0	¢/kWh	
BHE	13.5%	591,392,000	7.7	1.3	9.0	7.1	16.1	¢/kWh	
MPS	4.1%	177,826,000	6.0	1.2	7.3	7.3	14.6	¢/kWh	
COOPERATIVES & MUNICIPAL-OWNED UTILITIES									
Eastern Maine Electric Cooperative	1.2%	53,738,549	9.1	N/A	9.1	7.7	16.8	¢/kWh	
Houlton	0.7%	28,518,428	3.2	N/A	3.2	7.9	11.1	¢/kWh	
Van Buren	0.2%	7,212,074	4.1	N/A	4.1	8.1	12.2	¢/kWh	
Kennebunk Light & Power	1.0%	44,236,445	2.2	N/A	2.2	8.7	10.9	¢/kWh	
Madison Electric Works	0.4%	16,713,992	3.6	N/A	3.6	10.5	14.1	¢/kWh	
Matinicus	0.0%	208,203	Exempt from Standard Offer requirements					65.0	¢/kWh
Monhegan	0.0%	125,651	Exempt from Standard Offer requirements					70.0	¢/kWh
Fox Island	0.1%	6,123,153	16.9	N/A	16.9	8.2	25.1	¢/kWh	
Isle au Haut	0.0%	215,752	37.0	N/A	37.0	7.6	44.6	¢/kWh	
Swans Island	0.1%	2,271,778	20.1	N/A	20.1	8.1	28.2	¢/kWh	
STATE AVERAGE		4,372,481,025	6.45	0.47	6.92	7.42	14.3	¢/kWh	
* - COU delivery rates based on 2010 annual reports.									

MAJOR CASES AND EVENTS

Advanced Metering Infrastructure and Opt-Outs

- **Infrastructure Installation and Pricing**

During 2010, the Commission issued orders approving the installation of advance metering infrastructure (AMI) for CMP and BHE, finding that the benefits in term of customer supply savings and utility operational cost savings are likely to exceed the costs of the investment (CMP Docket No. 2007-215(II); BHE Docket No. 2006-661(II)). AMI includes smart meters and related systems that allow for automated and remote meter reading, detailed customer usage measurement and data storage, and communications to and from customer meters. AMI systems add costs, but provide utility operational savings (e.g., lower storm restoration costs) and a platform for programs that allow customers to lower their energy costs through more accurate and timely information and pricing programs that better reflect the hourly and seasonal differences in electricity costs (e.g., time-of-use rates).

During 2011, the Commission continued to process cases for both CMP and BHE to consider the dynamic pricing programs that should be implemented when AMI is fully installed and operational (CMP Docket No. 2010-132; BHE Docket No. 2010-14). These dynamic pricing programs will allow customers the option to purchase electricity supply on a time-of-use basis, providing for the more efficient use of electricity and the potential to lower costs. Both proceedings are pending and are expected to be concluded in 2012.

- **Smart Meter Opt-Outs**

In response to several ten-person complaints that expressed health, safety and privacy concerns regarding CMP's installation of wireless smart meters, the Commission, in January 2011, initiated an Investigation into CMP's smart meter program (Docket No. 2010-345, et al.). The Investigation focused on whether CMP should be required to allow customers to opt-out of the installation of a smart meter, the incremental system costs resulting from customer opt-outs, and the charges to customers who choose to opt-out. Through Orders issued on May 19 and June 22, 2011, the Commission directed CMP to provide customers with two opt-out options: 1) maintain an existing electro-mechanical meter; or 2) obtain a smart meter with the radio transmitter turned off. To cover the incremental costs of customer opt-out (such as the need to maintain meter readers and additional infrastructure costs), the Commission decided that customers who choose not to have a standard wireless smart meter installed would be charged an initial one-time charge and a recurring monthly charge.

Transmission Lines and Related Proceedings

- **MPRP**

CMP's construction of MPRP continued throughout 2011. Work included clearing the MPRP corridor; constructing, rebuilding and relocating transmission structures; stringing wire; and preparing sites for and constructing substations. The MPRP Ombudsman, which was established in 2010 to assist landowners that abut the MPRP corridor, was involved in more than 70 cases during 2011, including cases involving individual abutters and abutter groups in areas such as Farmingdale and Yarmouth. As of mid-December, the Ombudsman had facilitated the resolution of 35 cases with the remaining cases either ongoing or resolved through the Commission's Landowner Dispute Resolution Process, or by Commission Order.

- **Lewiston Loop**

As proposed by CMP, the Lewiston Loop would include a new 115 kV line extending from the Larabee Road Substation, which is to be built as part of the MPRP, to a new Middle Street Substation in Lewiston, which would replace the existing Lewiston Substation. From Middle Street a new 115 kV line would run to Lewiston Lower Substation. According to CMP, the Lewiston Loop is needed to address reliability issues in Lewiston. The estimated total cost of the project is \$29.6 million, 40% of which would be born by CMP ratepayers. On March 17, 2011, the Commission found that CMP did not meet its burden of proof to demonstrate that its proposed Lewiston Loop project is the most cost-effective means of addressing the reliability issues in the area. Accordingly, the Commission denied CMP's request for authorization to construct the project. On November 18, 2011, CMP filed for Commission approval a revised Lewiston Loop project. The Commission's review of the revised project is pending.

- **Smart Grid Coordinator Investigation/Pilot Program**

Under the provisions of the Commission's 2010 Order Approving the MPRP Stipulation, reliability needs in the mid-coast area of Maine and in the Portland area were to be further evaluated as part of a smart grid and non-transmission alternative (NTA) pilot plan proposal to be filed by GridSolar and CMP. The pilot plan would include a proposal to address the design, installation, ownership, operation and cost recovery of a smart grid platform and the designation of a smart grid operator. In September 2010, the Commission initiated an Investigation to: define the technologies, system, and functions of a smart grid; analyze the feasibility of implementing and operating the smart grid to achieve the reliability, efficiency and environmental objectives set forth in the Smart Grid Policy Act (35-A MRSA § 3143); assess the potential role of a smart grid coordinator in achieving such objectives and determine whether it is in the public interest to have one or more smart grid coordinators to operate the smart grid in the state. On March 25, 2011, CMP and GridSolar filed their proposal for an NTA pilot program in the mid-coast area. These matters remain pending.

- **Somerset County Reinforcement Transmission Project**

On August 2, 2010, CMP filed a petition seeking approval to construct a new, 39 mile-long, 115 kV electric transmission line in central Maine originating at Wyman Hydro substation in Moscow and terminating in Benton (referred to as the Somerset County Reinforcement Project). CMP's filing stated that the project will improve system reliability and transfer capability in the local Somerset County area including the surrounding towns of Benton, Clinton, Waterville and Winslow. On August 15, 2011, the Commission approved a stipulation signed by CMP, the Public Advocate and several other intervenors that provided for the issuance of a CPCN for CMP to construct the Somerset County Reinforcement Project.

Emera Reorganizations Emera Inc., which is the ultimate parent corporation of both BHE and MPS, filed petitions for approval to reorganize under 35-A MRSA § 708 (Docket No. 2011-170). If approved, the petitions would allow Emera Inc. to increase its ownership interest in Algonquin Power & Utilities Corp. (APUC) to 25% and allow for the creation of an affiliated entity named Northeast Wind Holdings. APUC affiliates supply electricity in Maine and also own generation assets in MPS's service territory. Northeast Wind Holdings will be jointly owned by Emera Inc. (75%) and APUC (25%) and it will acquire a 49% interest in certain existing and future wind projects in Maine and the Northeast to be developed and jointly owned (51%) by First Wind. Because the reorganizations, if approved, would result in Maine T&D utilities becoming affiliated with companies that own generation in Maine, parties to the proceedings have raised legal and policy issues. A Commission decision is expected in January 2012.

Efficiency Maine Trust; Triennial Plan Review On July 1, 2010, in accordance with the requirements of the Efficiency Maine Trust Act (P.L. 2009, Chapter 372), the Efficiency Maine Trust (EMT) assumed full responsibility for planning and administering Maine's programs for energy efficiency and use of alternative energy resources. These responsibilities were previously held by the Commission. The Act requires the EMT to periodically develop a Triennial Plan for energy efficiency and alternative energy resources, and establishes an oversight role for the Commission with respect to meeting certain program compliance metrics and other statutorily set efficiency outcomes. In April of 2010, the EMT released its Triennial Plan for the 3-year period beginning July 2010. On July 19, 2010, the Commission conditionally approved the Triennial Plan and required the EMT to provide a set of supplemental materials to allow the Commission to meet its statutory obligations with respect to review and approval of the Plan, including the assessment amounts charged to utility ratepayers. On February 2, 2011, the Commission issued a Supplemental Order Approving Triennial Plan, which granted final approval of the Plan subject to the requisite statutory funding approvals that the Plan requires.

Line Extensions In August 2011, the Commission approved changes to BHE's line extension construction standards, after addressing questions raised by line extension contractors. The Commission approved CMP's annual update to line extension prices and continues to monitor CMP's implementation of those changes. Finally, the Commission staff participated in a stakeholder group convened by the Public Advocate

at the direction of the Joint Standing Committee on Energy, Utilities and Technology which reached a consensus concerning utility cost recovery charges for make-ready work and contributions in aid of construction.

Alternative Rate Plan (ARP) CMP continued to operate under the terms of an ARP approved in 2008 (ARP 2008) which established the following:

- a \$20.3 million decrease in CMP distribution rates effective July 1, 2008;
- a new five-year ARP (ARP 2008) to take effect in January 2009;
- a formula by which CMP's distribution rates will be adjusted annually based on inflation less a productivity offset of 1%;
- an upper-end earnings sharing provision in the event CMP's Return on Equity (ROE) exceeds 11% in any calendar year during ARP 2008;
- a five-year cycle trim program for vegetation management on CMP's distribution system;
- a set of service quality provisions intended to ensure CMP's reliability and customer service performance, including seven performance metrics and penalties of up to \$5 million.

CMP submitted its annual filing under ARP 2008 on March 15, 2011. On June 30, 2011, the Commission issued an Order Approving Partial Stipulation which authorized CMP to increase its distribution rates by 4.48% effective July 1, 2011. Under the terms of this Order, the Commission is continuing to investigate whether certain storm costs which were included in CMP's rate filing should be allowed under the terms of the ARP.

Stranded Cost Proceedings Over the past year, each of Maine's T&D utilities sought and obtained Commission approval of new revenue requirements and rates for stranded costs over the next three years. "Stranded costs" are defined by Maine law as "a utility's legitimate, verifiable and unmitigable costs made unrecoverable as a result of the restructuring of the electric industry." 35-A M.R.S.A. § 3208(1).

- On June 1, 2011, Bangor Hydro's new revenue requirement and rates went into effect for the rate period of March 1, 2011 through February 28, 2014. The new rates approved by the Commission following a contested proceeding represented a 27.71% increase to the prior stranded cost rates and a 2.95% increase to the overall delivery rates (transmission, distribution and stranded cost). (Bangor Hydro's proposal had sought a 30.76% increase to the prior stranded cost rates and a 4.1% increase to its overall delivery rates.) The largest component of the stranded cost increase was from above-market costs associated with BHE's obligations under the Penobscot Energy Recovery Company (PERC) contract, a

long-term power purchase agreement stemming from deregulation of the electricity markets. This power purchase agreement terminates in February 2018. For BHE stranded costs constitute approximately 17.2% of the overall delivery rates (stranded costs, transmission and distribution). However, the impact of this stranded cost rate increase was mitigated by a decrease in the supply price that took effect March 1, 2011 and represented an overall 1.4% decrease to the Bangor Hydro's residential customers' bills (supply and delivery). The majority of Bangor Hydro's remaining rate base stranded cost obligations will likely be fully amortized by 2018.

- On July 1, 2011, new stranded cost rates went into effect for CMP's customers for a three-year period ending on February 28, 2014. The final revenue requirement and rates represent a \$2.44 million increase to the stranded cost revenue requirement for the period beginning July 1, 2011. This is a 9.58% increase to current core rate stranded cost revenues and a .42% increase to overall delivery rates. It is anticipated that the majority of CMP's existing rate base stranded cost obligations will be fully amortized by 2016.
- On January 1, 2012, new stranded cost rates went into effect for MPS's customers for a three-year rate period that will end on December 31, 2014. The new rates represent a reduction to MPS's annual revenue requirement for stranded costs from \$10,683,649 in 2011 to \$5,183,939. Stranded cost rates constitute approximately 17.2% of the overall delivery rates. The 46% decrease approved by the Commission to the stranded cost rates for residential customers of MPS represents a decrease of 12.91% to their total delivery rates. The total impact of this stranded cost rate decrease on MPS' residential customers' bills represents a decrease of 6.9% based on current supply prices.

Transmission Rates In contrast to recent trends, transmission rates for Maine's utilities in ISO-NE (CMP and BHE) fell in 2011. Specifically, in 2011, CMP's average transmission rates decreased by approximately 1.34% and BHE's average transmission rates decreased by approximately 10%. These reductions are due, in part, to the regional rate treatment given certain transmission projects in Maine under the ISO-NE tariff. MPS's average transmission rates increased by approximately 13%. This is primarily due to the loss of revenues from generators that in prior years had exported power to the region and, thus, paid MPS transmission rates thereby offsetting the rates paid by retail customers.

Power Supply Procurement

- **Long-term Contracting**

During the 2011 session, the Legislature enacted a law that directed the Commission to conduct a major substantive rulemaking to amend its long-term contracting rule (Chapter 316) and prohibited the Commission from directing utilities to enter into long-term contracts until the major substantive rules are finally adopted. P.L.

2011, Chapter 413. Accordingly, the Commission did not direct the execution of any long-term contracts during 2011. In December, the Commission submitted provisionally adopted amended long-term contract rules to the Joint Standing Committee on Energy Utilities and Technology for its review.

- **Deep Water Wind and Tidal Projects**

During its 2010 session, the Maine Legislature enacted “An Act to Implement the Recommendations of the Governor’s Ocean Energy Task Force (Ocean Energy Act)” (P.L.2009, Chapter 615). The Ocean Energy Act (Section A-6) directed the Commission to conduct a competitive solicitation for proposals for long-term contracts to supply capacity, associated energy and RECs from one or more deep-water offshore wind energy pilot projects or tidal energy demonstration projects. The Commission may authorize one or more long-term contracts for an aggregate total of no more than 30 MW, with no more than 5 MW of the total supplied by tidal energy demonstration projects. The Ocean Energy Act directed the Commission to initiate the solicitation by September 1, 2010.

As required, on September 1, 2010, the Commission issued an RFP for Long-term Contracts for Deep-Water Offshore Wind Energy Pilot Projects and Tidal Energy Demonstration Projects. Initial proposals for deep-water offshore wind energy pilot projects and tidal energy demonstration projects were due to be submitted to the Commission on or before May 1, 2011. The Commission received several proposals for both wind and tidal projects and has been in the process of evaluating the proposals and negotiating with bidders. The Commission expects to formally designate winning proposals early in 2012.

- **Community-Based Renewable Projects**

During the 2009 session, the Legislature enacted “An Act to Establish the Community-based Renewable Energy Pilot Program.” P.L. 2009, Chapter 329. Part A of this Act established a community-based renewable energy pilot program to be administered by the Commission to encourage the sustainable development of community-based renewable energy. Participating pilot projects may not exceed 10 MW and the whole program may not exceed 50 MW. Pilot projects must be “locally owned electricity generating facilities,” which means that 51% or more of the facility must be owned by qualifying local owners. Eligible facilities have the option to elect one of two incentive mechanisms: 1) a long-term contract for the output of the facility with a T&D utility; or 2) a renewable energy credit (REC) multiplier in which the value of the REC is 150% of the amount of the produced electricity. The Commission’s implementing rules for the program (Chapter 325) require that participating projects be certified by the Commission as an eligible community-based renewable energy project. The rules also established megawatt caps for each of the three utility service territories (CMP-25 MW, BHE-11 MW, MPS 4 MW).

In 2011, the Commission certified three projects: 1) Jonesport Wind Power, a 4.8 MW wind farm to be developed in Jonesport, Maine (Docket No. 2011-50); 2) Lubec Wind Power, a 4.8 MW wind farm to be developed in Lubec, Maine; and 3) Pisgah Mountain, a 9 MW wind farm to be developed in Clifton, Maine. All three projects sought a long-term contract by submitting proposals in response to a Commission-initiated request for proposals (RFP). Because all three projects are located in BHE's service territory, the Commission raised the megawatt cap for BHE's territory to 19.58 so that the three projects could participate in the RFP (Docket No. 2011-144). On October 14, 2011, the Commission issued an Order directing BHE to enter into long-term contracts with the three wind power projects (Docket No. 2011-150).

- **Green Power Offer**

Part B of the above referenced Community-based Renewable Energy Act requires the Commission to arrange for a green power offer to ensure that residential and small commercial electricity customers can purchase green power supply. Green power supply is defined in statute as electricity or RECs for electricity generated from renewable resources as defined in statute. The Act required the Commission to administer a competitive bid process to select a green power offer provider or providers.

Pursuant to the Commission's implementing rules (Chapter 326), the green power offer will be a state-wide program and the green power offer provider would provide the product through the purchase of RECs that will correspond to all or a portion of the electricity usage of customers choosing the green power supply.

The Commission initiated the solicitation process by issuing an RFP on December 16, 2010. Initial proposals were due in February 2011. On September 30, 2011, the Commission issued an Order selecting 3 Degrees Group, Inc. to launch and manage, for a three-year term, a statewide green power program (Docket No. 2010-394). The Commission expects that the green power offer will be available to customer during the first quarter 2012.

REGIONAL MATTERS AND FERC PROCEEDINGS

Reliability Standards While reliability standards are consistently being reviewed and developed, the most significant change occurred as a result of a November 18, 2010 FERC order directing the North American Electric Reliability Corporation (NERC) to revise the definition of Bulk Electric System (BES) so that all regions apply a uniform methodology for reliable operation and planning of the interconnected bulk power system. In response to FERC's directives, NERC staff and industry participants drafted and prepared for comment a new "bright line" definition of the BES, along with draft technical principles for exceptions to the general BES definition and proposed rules governing the procedure to be followed by utilities in seeking exceptions to the general BES definition. In coordination with the New England States Committee on Electricity (NESCOE), fellow New England states and New York, the Commission submitted comments with NESCOE on the draft BES definition and associated documents. The

most recent proposed revision to the BES definition and the process by which utilities may seek exceptions to the definition are anticipated to be acted upon by the NERC Board of Trustees in early 2012.

Forward Capacity Market The fifth auction in the ISO-NE Forward Capacity Market (FCM) took place in June 2011 and, for the fifth year in a row, surplus capacity resulted in prices clearing at the floor price. The floor price for the fifth Forward Capacity Auction (FCA) was \$3.209 per kW-month. As in previous years, demand resources played a key role in this regard, including demand resources from Maine customers. In 2011, a FERC order directed ISO-NE to change some aspects of the FCM. The Commission through the New England Committee on Electricity (NESCOE) has been active in the stakeholder process addressing compliance with the FERC order.

Strategic Planning Initiative ISO-NE began a strategic planning initiative to examine possible short term and longer term changes to markets to improve the reliability and efficiency of system operations. Changes under consideration include enhancing audit provisions for supply and demand resources and incentives and penalties in the Forward Reserve Market and FCM to improve resource performance.

Transmission Planning for Public Policy Requirements On July 21, 2011, FERC issued Order No. 1000, a landmark order regarding transmission planning and cost allocation of transmission expansion. Order No. 1000 requires, among other things, ISO-NE to amend its Open Access Transmission Tariff (OATT) to explicitly provide for consideration of public policy requirements established by state or federal laws or regulations that may drive transmission needs. The Commission is working closely with NESCOE to provide a framework for determining: 1) the public policy requirements that may drive transmission needs; 2) the methodology for identifying the transmission needs driven by public policy requirements; and 3) the methodology for allocating the costs of transmission upgrades driven by public policy requirements.

Return on Equity Complaint The Commission along with NESCOE and the New England Conference of Public Utility Commissioners (NECPUC) filed comments supporting the request by the Massachusetts Attorney General (MAAG) and others for an investigation into whether the Return on Equity (ROE) on transmission upgrades built by the New England Transmission owners should be significantly reduced. The Complaint asserts that the ROE should be reduced due to changed market conditions since the ROE was last set by FERC. The MAAG estimates that the relief it requested would annually save New England consumers over \$100 million.

Eastern Interconnection States' Planning Council During 2011, the Commission participated in a federally funded electricity system planning process called the Eastern Interconnection States' Planning Council (EISPC). The Eastern Interconnect is the portion of the national transmission grid that spans 38 states from Maine, south to Florida, and west to North Dakota. Currently, this system operates as a single system, but is planned by 26 different entities. The Commission became involved in this study due to concerns that Midwestern utility and generation interests would use the exercise

as a way to justify expensive expansion and export to the eastern seaboard and Maine. The Commission's participation resulted in corrections to input assumptions from former planning exercises. Using the corrected inputs, it no longer appears that those expansions would be economic. As part of the effort, an energy zones working group has been established to identify clean energy zones throughout the entire region. The next phase of this project will occur over 2012 and will result in proposals for three national transmission expansion plans.

Promoting Greater Transparency and Accountability at ISO-NE During the 2011 session, the Legislature enacted "Resolve, To Promote Greater Transparency and Accountability Through Regional Transmission Organization Reform"(Resolves 2011, Chapter 68). The Resolve directs the Commission, as well as the Office of the Public Advocate (OPA) and the Office of Energy Independence and Security (OEIS) to advocate in all appropriate forums for greater transparency of governance and operations and accountability of ISO-NE, and to confer, to the greatest extent possible, with each other and comparable commissions or bodies from one or more of the other New England states regarding the transparency and accountability of ISO-NE. In addition, the Commission, OEIS and OPA are to develop a plan and act to promote transparency and accountability, and develop model governance requirements for ISO-NE, formally propose them to comparable New England commissions or bodies and examine whether there is agreement on these issues among the various state entities.

The Commission Staff met with OPA and OEIS in August of 2011, to discuss how the three entities intended to approach the Resolve. The three entities developed a plan to promote transparency in governance and ISO accountability based on overarching principles embodied in the Resolve.

The Commission has undertaken a variety of efforts to promote transparency, responsiveness and market competitiveness. For example, in the summer of 2011, the Commission talked with ISO-NE about getting states involved earlier in the transmission planning process before ISO-NE and transmission owners have locked in certain assumptions in determining reliability need. In October 2011, the Commission met with ISO-NE to discuss doing this on a trial basis by participating in the early discussions on a specific transmission project, the Greater Hartford Project in Connecticut. ISO-NE agreed to take certain steps and conduct certain analyses as part of developing its assumptions in determining reliability need. Through this effort, the Commission seeks to have ISO-NE be clearer and more transparent in developing these assumptions and more responsive to state concerns about the methodology it uses.

Regarding efforts to promote market competitiveness, during the summer of 2011, the Commission made presentations to ISO-NE and NECPUC and discussed with ISO-NE staff the part of ISO-NE's demand response proposal that would treat certain demand response providers that use behind-the-meter generation differently than they are currently treated. These behind-the-meter customer who reduce load in response to requests from ISO-NE when the system is stressed and simultaneously make their generation available to the grid, would no longer be compensated for both of

these resources under the ISO-NE proposal. Maine manufacturing and industrial customers, who have provided a significant level of demand response that benefits all New England consumers by reducing the need for more expensive generation, would not be able to participate at the same level they have, or possibly at all, under the approach being pursued by ISO-NE. In July 2011, the Commission, OEIS and OPA sent a letter to FERC and discussed the issue with FERC staff.

The Commission also worked with other states, stakeholders and ISO-NE on other aspects of ISO-NE's demand response proposal that would more fully integrate demand responses into the energy market. Finally, the Commission has worked with ISO-NE through NESCOE to develop a way of accounting for energy efficiency to be reflected more effectively in the load forecast. Reflecting efficiency in the load forecast will likely reduce the peak load for which both transmission system and resource adequacy are planned, thus moderating the cost imposed on customers to achieve appropriate levels of reliability.

SUPPLY RESOURCES

Resources Serving Maine Customers Maine's Electricity Restructuring Act originally established a 30% resource portfolio standard (RPS), requiring electricity suppliers (including standard offer suppliers) to supply 30% of their Maine load from "eligible resources." The Act defined eligible resources to be generating units whose capacity do not exceed 100 MW and that produce electricity from tidal, fuel cells, solar, wind, geothermal, hydroelectric, biomass, or municipal solid waste in conjunction with recycling; that qualify as small power producers under federal regulations or that are efficient cogeneration units.

In 2007, the Legislature expanded the RPS to require that an additional amount of electricity come from "new" renewable resources, which are generally renewable facilities that have an in-service date after September 1, 2005. New renewable resources include fuel cells, tidal power, solar arrays and installations, geothermal installations, wind generators, hydroelectric generators that meet all state and federal fish passage requirements and biomass generators including generators fueled by landfill gas. The "new" resource requirement (also referred to as "Class 1") starts at one percent of load in 2008 and increases by one percent per year to ten percent in 2017, unless the Commission suspends the requirement pursuant to the provisions of the Act.

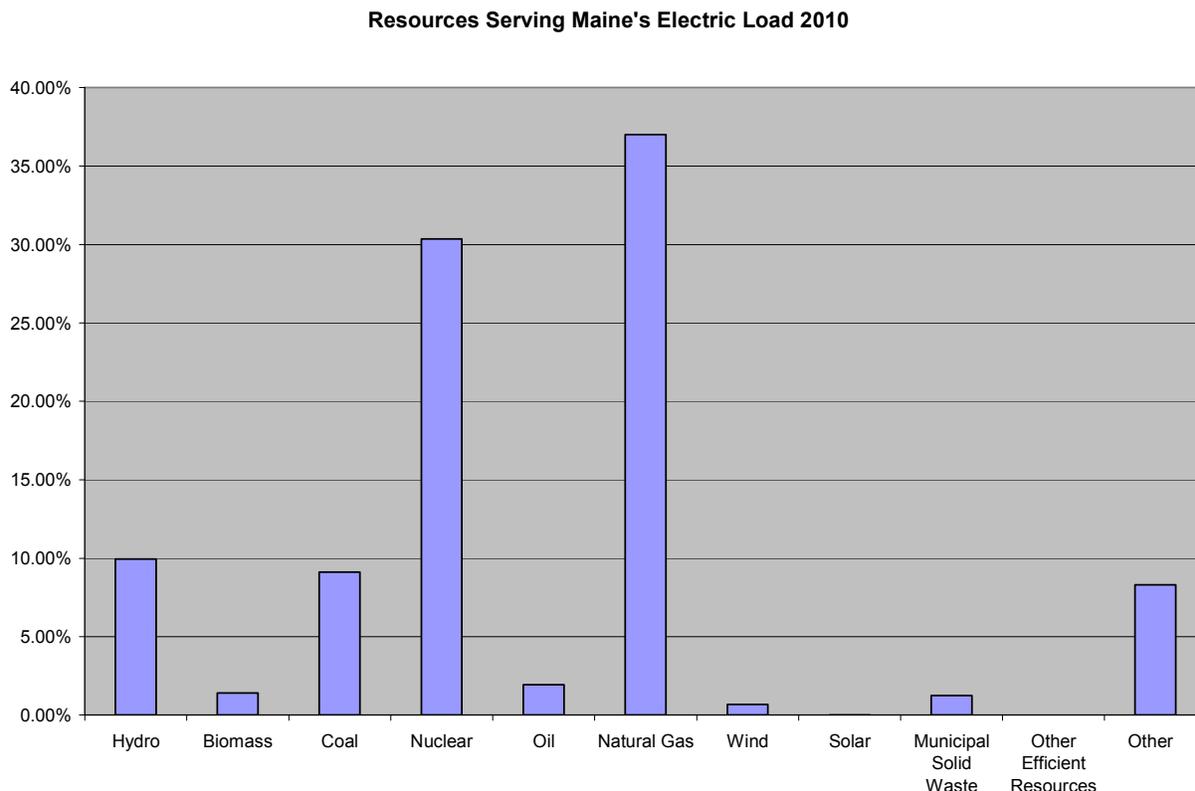
Any generation facility used toward a supplier's Class I RPS must be certified by the Commission. During 2011, the Commission certified six generators as Class I compliant, bringing the total number of certified generators to 51. Many of the certified facilities are not used to satisfy Maine's RPS because they are also eligible for the RPS in other New England states. A list of all certified Class I facilities can be obtained from the Commission's website: <http://www.maine.gov/mpuc/electricity/rps-class-i-list.shtml>

Suppliers can meet their Maine RPS obligations from plants located in Maine, or in neighboring states or regions. Compliance is tracked by the New England Generator

Information System (GIS), which is a regional platform for renewable energy credit (REC) accounting and tracking.

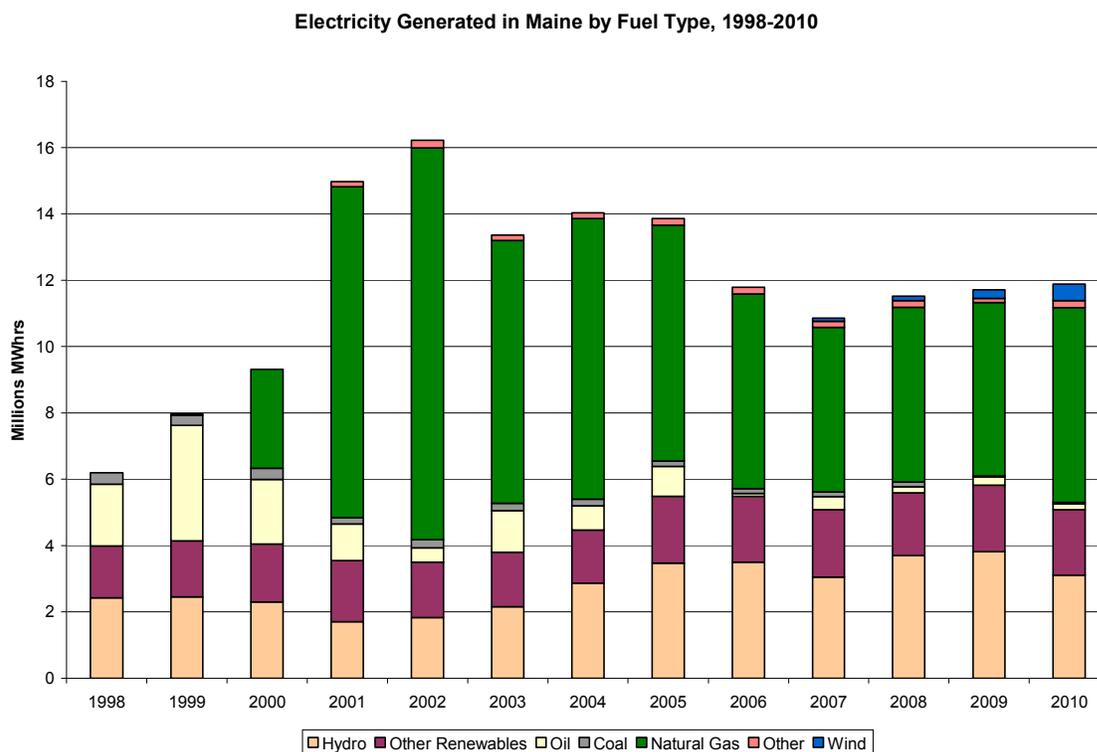
Figure 6 below shows the mix of resources used by suppliers to serve Maine customers in 2010 (the most recent data available). This figure shows the contractual and financial relationship between production and Maine consumption, not the physical flows. Thus the chart shows that about 30% of the electric energy consumed in Maine was purchased from nuclear providers, either directly or as part of the overall mix available on the wholesale market.

Figure 6



Electricity Generated in Maine Forty-nine percent the electricity produced by Maine plants is fueled by natural gas, with hydro-electricity being the next largest source. Figure 7 below shows Maine's generation levels and fuel mix over time, illustrating the trend toward greater in-state production overall, as well as greater reliance on natural gas. Note that energy produced in Maine may or may not be purchased by Maine customers.

Figure 7



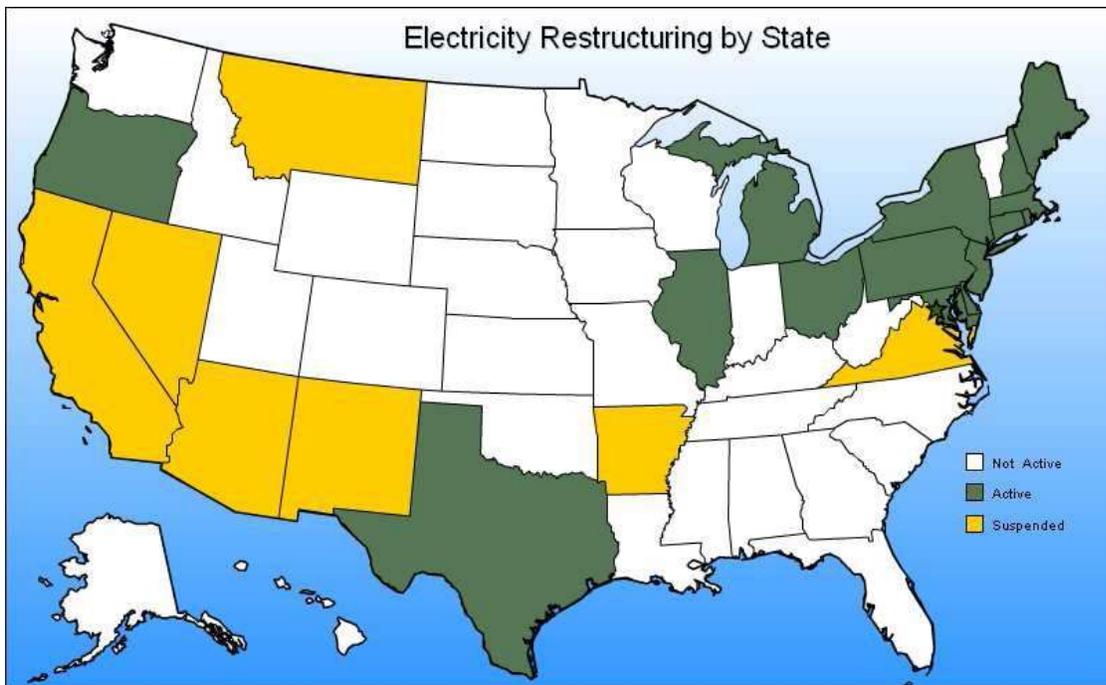
Uniform Disclosure Labels Comparative information regarding electricity supply is provided to customers in “uniform disclosure labels” that contain a supplier’s resource mix and emissions information. Beginning with electric industry restructuring, residential and small commercial customer suppliers were required to provide a disclosure label to their customers quarterly, and suppliers to larger customers must provide the label upon request. Consistent with legislation enacted during the 2011 session, P.L. 2011, Chapter 284, the Commission amended its disclosure label rule (Chapter 306) to remove the requirement for labels to be mailed to all residential and small commercial customers every quarter (Docket No. 2011-247). The new rules require suppliers and utilities with respect to standard offer labels to post disclosure labels on their website and to mail labels to customers only upon request. Labels for standard offer service may also be found on the Commission’s web page at: http://www.maine.gov/mpuc/industries/electricity/standard_offer/disclosure_labels_history.html

Affiliated Competitive Providers and Compliance Costs T&D utilities and any of their supply marketing affiliates are required by statute to comply with standards of conduct and market share limitations intended to prevent undue competitive advantage in the supply market. The Commission is required to determine and report on actual and estimated future costs of implementing these requirements. These affiliated competitive provider provisions have not been implicated in recent years, including at any point during 2011.

Summary of 2011 Restructuring Activity

The Restructuring Act directs the Commission to report on activities in other states associated with changes in the regulation of electric utilities. Since the restructuring activity in the mid- to late-1990s that led to development of competitive electricity markets in more than twenty states, a number of states have reversed, suspended or modified restructuring actions and several restructured states have taken steps to delay implementation of a fully competitive retail market. During 2011, no additional states initiated consideration of electricity market restructuring, leaving the fully implemented restructured markets primarily concentrated in the northeast and mid-Atlantic states. The map below shows the status of restructured electricity markets by state with the green representing states that have restructured.

Figure 8



Source: Energy Information Administration
Data as of September 2010

NATURAL GAS

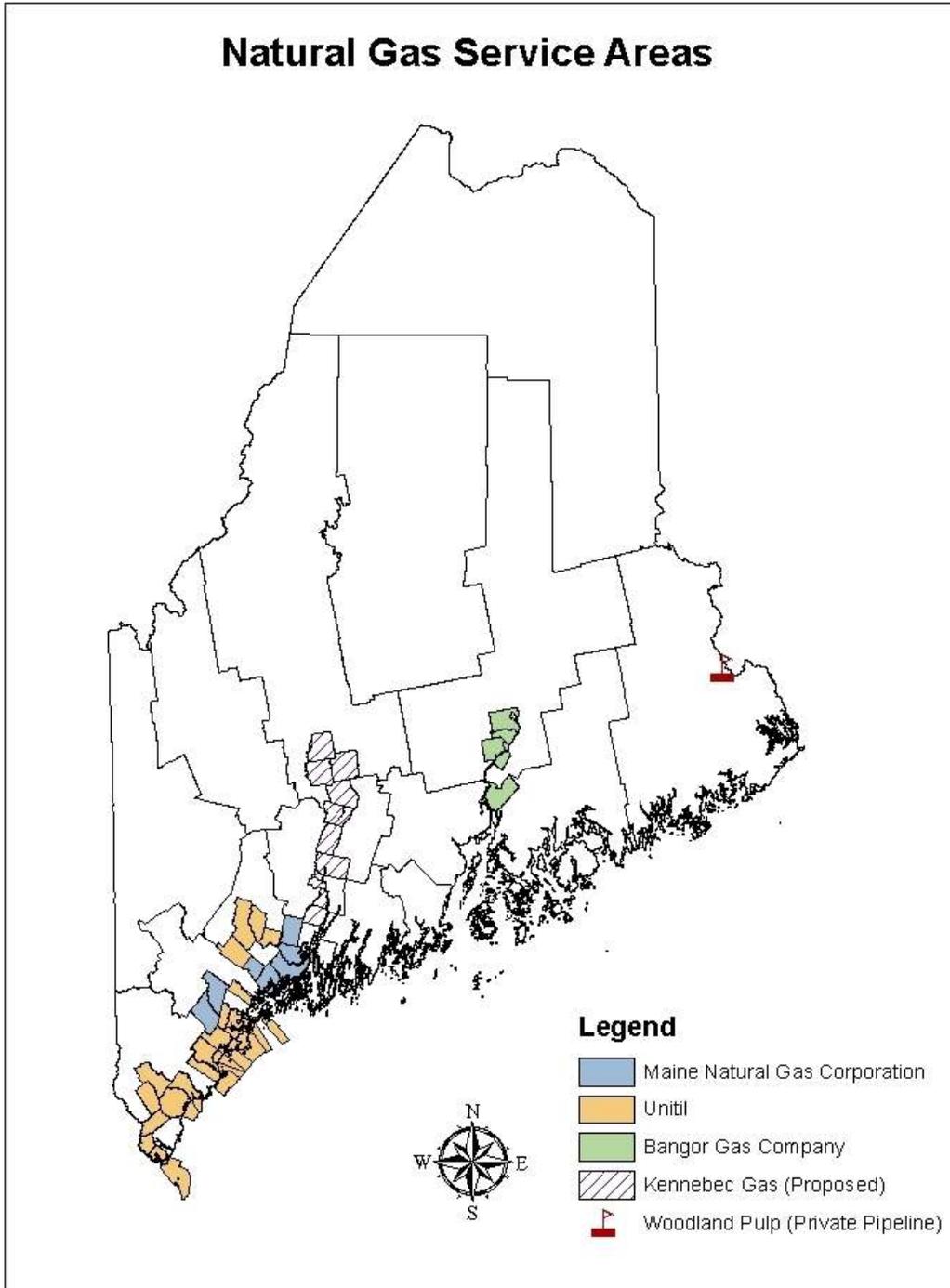
GAS REGULATION IN MAINE

The Commission approves the service terms and rates charged by Maine's natural gas local distribution utility companies (LDCs) to ensure that they are reasonable and just. In addition, the Commission investigates and approves proposed sales, acquisitions or mergers among corporations owning LDCs doing business in the State. The Commission also reviews and analyzes gas purchasing strategies and pricing options that can stabilize retail prices. In addition, the Commission oversees the safety aspects of LDC operations and facilities, as well as of certain propane facilities. Finally, although the Commission does not regulate interstate gas pipelines or liquefied natural gas (LNG) import facilities, over which federal agencies have jurisdiction, the Commission actively monitors events and participates as warranted in proceedings involving pipeline and LNG-related issues that affect Maine consumers.

There are three natural gas LDCs serving Maine. Northern Utilities, Inc. d/b/a Unitil (Northern) serves approximately 27,000 customers in the south-central Maine area, primarily in greater Portland and Westbrook, greater Lewiston/Auburn and Biddeford, Saco and Kittery. Northern, a subsidiary of Unitil Corporation, has served Maine for over 150 years. Two other LDCs began providing service in Maine in 1999. Maine Natural Gas Corporation (Maine Natural Gas), a subsidiary of Iberdrola USA, serves approximately 2,300 customers primarily in the Windham, Gorham, Brunswick, Freeport, Bath and Topsham areas. Bangor Gas Company, LLC (Bangor Gas), owned by Energy West, Inc., serves approximately 1400 customers in the greater Bangor area, including Orono, Old Town, Brewer and Bucksport. (Source of customer numbers: U.S. Energy Information Agency 2010). Finally, in 2011, a new company, Kennebec Valley Gas Company (KVGC), was granted preliminary, conditional authority to provide service in central Maine.

Three interstate pipelines have facilities in Maine: Maritimes & Northeast Pipeline, Portland Natural Gas Transmission System (PNGTS), and Granite State Gas Transmission, an affiliate of Northern. These entities are regulated by federal authorities, but the Commission works with state and federal agencies involved in the construction and regulation of these entities to ensure appropriate and adequate review of issues that affect Maine gas consumers and the public.

Figure 1
Natural Gas Pipelines and LDC Service Areas



Updated by PUC Staff 12/21/2011

KEY EVENTS

- The Commission granted preliminary and conditional authority to Kennebec Valley Gas Company to provide service in central Maine. KVGC proposes to build and operate a pipeline from Richmond to Madison to serve large “anchor load” customers such as mills and manufacturing businesses as well as to extend distribution systems to more densely populated areas along the route. KVGC must return to the Commission for final authority after it more fully develops the technical and financial aspects of its project.
- The Commission conducted a major rate case proceeding for Northern Utilities in 2011, and in November approved a Stipulation allowing a 47% increase in base distribution rates fully effective on January 1, 2012, as well as an additional 3.5% increase on May 1, 2012. This was Northern’s first distribution rate case in over 28 years, and the first since Northern was acquired by Unitil in 2008.
- Maine Natural Gas extended natural gas service to Bath Iron Work’s main facility in Bath, expanding its distribution pipeline by over 4 miles.

INDUSTRY TRENDS

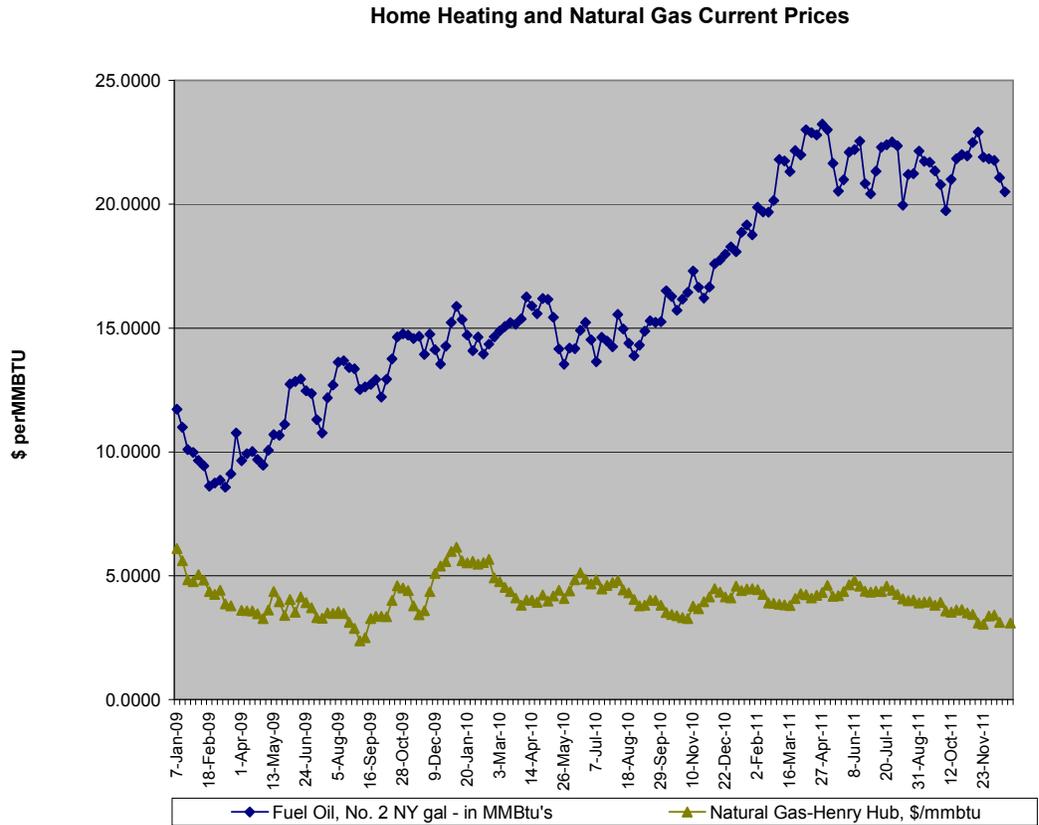
Wholesale natural gas commodity prices in U.S. markets remained stable in 2011, averaging \$4.15 per million British thermal units (MMBtu) due to continuing weak demand and strong shale gas production. According to the U.S. DOE Energy Information Administration (EIA), natural gas commodity prices for the upcoming winter period are at their lowest point since the winter of 2001-2002. See <http://www.eia.gov/todayinenergy/detail.cfm?id=3810> (November 9, 2011).

Due to recent technological advances, domestic natural gas extraction from geologic formations such as the Fayetteville, Marcellus and Barnett shale beds, has resulted in plentiful U.S. natural gas supply and low prices. National storage levels are at high levels and demand remains low due to slow economic recovery. These factors have resulted in favorable natural gas prices in the United States. There is currently no shale gas production in Maine.

On a thermal value basis, at current prices, natural gas is much more economical than oil. For example, prices for home heating oil were at over \$20.00 per British thermal unit (Btu) in 2011, while natural gas price were around \$4.50 per Btu. These differences in value between natural gas and oil have spurred a strong interest in natural gas conversion for industries such as paper mills and other heating and manufacturing customers. As a result, Maine’s gas utilities have been adding customers at a robust rate and other entities, such as Kennebec Valley Gas Company and the Town of Madison, have been working to develop new gas utilities to expand natural gas service to more areas of Maine. In addition, paper mills in the municipalities of Baileyville and Madison have recently converted from oil to natural gas and have constructed facilities for on-site (trucked) LNG or pipeline gas supply to substantially

improve their fuel economies and maintain competitive business positions. Around the nation, compressed natural gas (CNG) is also becoming a fuel choice for business conversions and vehicle fueling.

Figure 2 below illustrates the relationship between heating oil and natural gas over the last three years.



MAJOR CASES AND EVENTS

Northern Utilities d/b/a Unitil Rate Case In May of 2011, Northern sought approval of an increase in its distribution rates of about 50%. Distribution (delivery) charges and gas (commodity) charges each make up about half of the monthly sales service bill. After several months of litigation, the Public Advocate and two groups of commercial and industrial customers reached a settlement that would allow a 47% increase in rates effective on January 1, 2012, followed by an additional increase of 3.5% on May 1, 2012. The settlement was approved by the Commission on November 8, 2011. In accordance with the approved settlement, residential heating customers’ bills increase approximately 18.9%, or by about \$20.50 per month for an average residential heating customer during the winter. Commercial and industrial customers’ bills increase by amounts ranging from 4.6% - 15.0%. The increase in rates was warranted, in the

Commission's view, by increased costs of providing service, including the cost of Unitil's program to replace its aging cast iron and bare steel pipes.

Kennebec Valley Gas Company KVGC was granted preliminary, conditional authorization to form a gas utility to build a transmission line from Richmond to Madison and distribution systems in municipalities along the route where economical to do so. KVGC's plan involves obtaining property tax reductions from the municipalities along the route, such as in Augusta, Farmingdale, Gardiner, Waterville, and Skowhegan, and signing service contracts with large "anchor" load customers, such as mills and manufacturers. If it succeeds, KVGC will return to the Commission with its final proposal before it will be authorized to construct a pipeline system and render service.

Maine Natural Gas Expands to Bath Taking advantage of a favorable pricing climate for natural gas as compared to oil, Maine Natural Gas installed a gas main from its facilities in East Brunswick into Bath where it will serve the Bath Iron Works's main facility and other businesses and residences. This expansion continues Maine Natural Gas's reach into previously unserved communities in Maine, most recently to Freeport, Pownal and Durham in 2010.

Woodland Pulp Natural Gas Private Pipeline The Commission authorized Woodland Pulp, LLC to energize and operate a newly constructed private natural gas pipeline. This authorization is pursuant to a newly enacted law which subjects pipelines serving one customer to the safety oversight authority of the Commission (35-A M.R.S.A. §4517).

Cost of Gas Rates By statute, Maine gas utilities may pass through the cost of gas supply used to serve their customers, with no profit adder. To a large degree, the cost of the gas that utilities purchase is determined by the prevailing gas market price on the date of purchase. The Commission reviews all proposed gas utility cost of gas rates to ensure that the rate accurately reflects the utility's gas costs. All three gas utilities offer consumers the option of even monthly payments year-round, to assist consumers in managing gas bills. Northern's residential gas consumer's 2011 – 2012 Winter Period gas rates are slightly (0.8%) higher than 2010 - 2011 Winter Period levels

Low-Income Program During 2011, Northern continued to provide a discount of 30% of total service charges for all customers that are eligible for all Low Income Home Energy Assistance Program (LIHEAP). This discount program has been in effect for two years, pursuant to 35-A MRSA § 4706-A. Approximately 600 people participated in Unitil's Low Income Assistance Program during 2011. In its order approving the settlement in the Northern rate case, the Commission directed Northern to reach out to low income customers to ensure that eligible customers are aware of the program.

Competitive Gas Supply Since 1999, commercial and industrial customers have been free to enter into competitive gas supply arrangements, taking delivery-only service from the local distribution utility. Over 52% of all deliveries made by Maine's three natural gas utilities in 2010, not including deliveries to electric generators, were

supplied by competitive gas providers. The Commission will continue to monitor the progress that gas supply competition is making in Maine and the region and the effect of Maine's regulatory policies on these markets.

Gas Service Quality Issues The Commission actively monitors customer service and safety standards to ensure adequate performance by Maine's LDCs. The Commission has developed incentive mechanisms, conditions on corporate acquisition and reorganizations, and other methods that aim to improve or maintain customer service and safety standards for Maine's largest gas utility (Northern). The Service Quality Plan requires Northern to maintain specified levels of service performance for eleven measures or be subjected to monetary penalties. Northern did not incur any service quality penalties in 2011.

Conservation Programs Northern offered gas conservation programs under Commission oversight through June 2010. After June 2010, oversight of energy efficiency programs transferred to the Efficiency Maine Trust, which reports separately to the Legislature.

REGIONAL ISSUES

Gas produced in the Gulf of Mexico or Canada, imported in the form of LNG to facilities located in Massachusetts or New Brunswick, or stored in the mid-west U.S., is transported to Maine over cross-regional pipelines whose rates are regulated by the FERC. Deliveries from such "upstream" pipelines are distributed by Maine's gas utilities to consumers under state rate and safety authority. Charges to Maine gas consumers include both amounts for upstream transportation that are authorized by federal authorities as well as amounts for intra-state service that are approved by the Commission. To give voice to Maine consumers in federal matters, the Commission participates at federal or state forums on issues such as the rates interstate natural gas pipeline companies charge Maine shippers and consumers, service terms, regional energy policy directives, and safety issues. During 2011, the Commission intervened in FERC proceedings that involved rate change proposals filed by the pipeline companies serving Maine.

In July 2011, the Commission joined a settlement with the Maine Office of Public Advocate and the New Hampshire Public Utility Commission that allows the Granite State Gas Transmission Company to raise pipeline transmission rates from \$2.80/dekatherms (Dth) per day to \$3.20/Dth per day effective August 1, 2011 (FERC Docket: RP10-896-000). The settlement also allows Granite to further increase rates each year, subject to the right of the parties to object, to recover its capital costs associated with three major improvement projects.

The Commission supported a settlement in FERC Docket RP11-1566 that allows Tennessee Gas Pipeline (TGP) a 46% transportation rate increase. Initially, TGP sought a 100% rate increase, which would have increased Northern's cost of gas rates approximately 3%. TGP delivers gas to Granite State for delivery primarily to Northern.

The Commission is participating in two proposed rate increase cases filed by Portland Natural Gas Transmission System at the FERC that are currently pending (FERC Docket: RP08-608 and RP10-729).

NATURAL GAS ALTERNATIVE RATEMAKING

The Commission is authorized by statute (35-A MRSA § 4706) to adopt alternative ratemaking mechanisms for gas utilities “to promote efficiency in operations, create appropriate financial incentives, promote rate stability and promote equitable cost recovery.” In particular, the Commission may do the following: adopt multi-year ratemaking plans with mechanisms for future rate changes, reconcile costs and revenue, index revenues or rate changes, establish financial incentives, streamline regulation or deregulate services where not required to protect the public interest, approve rate flexibility programs and modify cost-of-gas adjustment requirements.

Under this authority, the Commission has implemented alternative rate plans for two natural gas utility start-up ventures: Bangor Gas Company LLC, and Maine Natural Gas Corporation. Bangor Gas Company’s alternative rate plan included a 10-year distribution rate freeze, a rate cap set initially on a 3-year average of oil prices, indexed rate cap increases, pricing flexibility, and authority to enter into special contracts without prior Commission approval. This flexible regulation encourages expansion of natural gas service into areas that previously had no natural gas utility.

Under Section 4706, the Commission approved Northern’s use of a detailed hedging plan which helps stabilize its winter gas commodity rates for its customers. In 2005, the Commission approved monthly cost of gas adjustment mechanisms for Maine’s two start-up local distribution companies to ensure more realistic price signals to consumers and to help moderate gas revenue imbalances that accrue between rate adjustment intervals. The Commission has also approved fixed and indexed price options.

GAS SAFETY

GAS SAFETY REGULATION AND ENFORCEMENT IN MAINE

The Commission regulates the construction and operation of natural gas distribution facilities to ensure compliance with applicable codes and safety standards. Safety oversight and enforcement for the interstate pipelines is done by federal agencies. However, the Commission monitors intrastate pipeline safety in its role as an agent of the U.S. Department of Transportation's Pipeline and Hazardous Material Safety Administration (PHMSA). In this role, the Commission ensures that intrastate natural gas transmission and distribution systems are in compliance with federal pipeline safety standards and corresponding state regulations through operator inspections. Additionally, the Commission conducts investigations of natural gas safety incidents and pursues enforcement actions. The Commission enforces safety standards for over 800 propane gas distribution facilities that deliver propane service to multi-unit housing complexes, commercial buildings and other facilities where propane system failures would likely impact large numbers of people.

The Commission derives its authority for safety oversight from both State and Federal law. Chapters 420 and 421 of the Commission's Rules adopt federal safety regulations for pipelines that transport hazardous gases to protect the public and govern the safe operation of distribution facilities within the State.

KEY EVENTS

- In 2011, the Legislature adopted a law that established that natural gas pipelines owned by and serving a private entity are subject to the Commission's safety oversight. Such pipelines may not be constructed or operated without safety review and approval by the Commission. In 2011, after receiving Commission authority, the Woodland Pulp Mill built and began operating a 4.5 mile pipeline spur connecting it to the Maritimes & Northeast Pipeline.
- During 2011, the Commission's Gas Safety Staff conducted over 300 natural gas distribution inspections and propane gas distributions compliance audits. In addition there were extensive reviews of documentation demonstrating the technical capability of Kennebec Valley Gas to receive Conditional Authority from the Commission; documentation demonstrating the technical capability of Woodland Pulp LLC to construct and operate a five-mile transmission line; and documentation necessary for the Commission to authorize the construction of a pipeline by Madison Paper Industries.

INDUSTRY TRENDS

In 2005, PHMSA identified excavation incidents as a primary cause of damage to pipeline facilities. Since then, PHMSA has worked with industry groups to decrease the

occurrence of excavation related damage to underground facilities and encouraged states to modify damage prevention programs to implement industry best practices that have been identified by the Common Ground Alliance (CGA). PHMSA continues to encourage and support state efforts to decrease damage incidents related to excavation through grants for damage prevention programs at the state level and coordination with stakeholder groups such as CGA.

MAJOR CASES AND EVENTS

Cast Iron Replacement In 2010, the Commission approved a comprehensive 14-year replacement program for Northern Utilities' cast iron, non-cathodically protected (bare) steel, and wrought iron pipe along with a coordinated upgrade of its low pressure system in Portland and Westbrook by October 31, 2024. Unitil continued with its cast iron replacement program throughout the 2011 construction season, and to-date has replaced 11 miles of the old pipe in the Portland/Westbrook area.

Notices of Probable Violation (NOPVs) In 2011, the Commission's Gas Safety Staff issued three NOPVs to three different natural gas utilities for, respectively, inadequate pressure testing procedures, the accessibility of gas shut-off valves and an inadequate response to consumer contact regarding a possible gas leak. As of December 1, 2011, the first NOPV had been resolved with a formal consent agreement whereby the utility agreed to take measures to prevent further violations and agreed to an administrative penalty. The second NOPV is the subject of a tentative informal agreement between the utility and the Gas Safety Staff pursuant to Chapter 420 of the Commission's Rules whereby the utility has agreed to work with the Gas Safety Staff to address Staff's concerns. A response is pending from the utility with regard to the third NOPV.

Rulemakings In October of 2011, the Commission issued a Notice of Rulemaking (Docket No. 2011-352) to amend Chapter 421 concerning safety and operation standards for jurisdictional liquid propane gas transmission and distribution systems pursuant to P.L. 2011, Chapter 197, An Act Regarding Gas Utilities under the Safety Jurisdiction of the Public Utilities Commission. The Commission provisionally adopted the rule in December 2011 and sent it to the Joint Committee on Energy, Utilities and Technology for review.

WATER

THE WATER INDUSTRY IN MAINE

The Commission regulates over 150 water utilities in Maine. These water utilities fall within three categories; quasi-municipal water districts, water departments of local municipalities, and private water companies. Water departments and water districts are considered to be “consumer owned” and are non-profit. Water districts are quasi-municipal entities typically formed through Private and Special Laws enacted by the Legislature. Unlike a water department, which generally serves the municipality that it is a part of, water districts can serve multiple municipalities. Privately owned water companies are owned by shareholders and are “for-profit” entities.

The Commission’s regulation of water utilities is limited to rates and services. The Commission conducts investigations for rate cases, including rate cases initiated pursuant to 35-A MRSA § 6104 when 15% or more of a water district’s customers file a petition with the Commission requesting an investigation of the rates filed by the utility. Water quality is regulated by the Department of Health and Human Service’s Drinking Water Program through enforcement of the Federal Safe Drinking Water Act. In addition, the Department of Environmental Protection regulates issues involving water sources, including those used by water utilities.

KEY EVENTS

- During 2011, the Commission resolved three rate cases resulting in rate increases between 8.38 and 9.16%. The Commission also allowed twenty-three rate changes to become effective. These rate changes ranged from one decrease in revenue requirements of 16% to increases in revenue requirements from 1.9% to 41%. As the Commission did not receive petitions from customers to investigate the proposed increases, these rate changes went into effect as filed.
- At the direction of the Legislature through the enactment of An Act to Provide Additional Flexibility for the Funding of Infrastructure Improvements by Consumer-owned Water Utilities (P.L.2011, Chapter 106), the Commission convened a work group that included representatives of both small and large consumer-owned water utilities, investor-owned water utilities, and the Public Advocate to examine ways of ensuring that water utilities had sufficient means of funding the replacement of utility infrastructure. The Stakeholder group met three times between September and November of 2011 and drafted proposed

- statutory and rule changes that were reported to the Joint Standing Committee on Energy, Utilities, and Technology. Specifically, the group looked at alternative funding mechanisms such as surcharges to recover the costs of capital investment and the development of capital asset replacement reserve accounts.
- Chapter 660, the Commission's rule governing consumer protection standards for water utilities, went into effect on January 1, 2012. Pursuant to Chapter 660, each water utility in the state was required to file Terms and Conditions of Service to the Commission that comply with the new rule. The Commission is in the process of reviewing each of these filings. Additionally, the Commission has reviewed, and where appropriate approved, waiver requests from water utilities seeking an exemption from certain portions of the rule.

INDUSTRY TRENDS

Increasing Costs Water utilities have been facing increasing costs for a number of years. These costs include increases to common operating expenses such as electrical power and fuel. Other costs, such as chemical treatment, have also been rising due to more expensive manufacturing processes, and increases in the cost of raw materials and shipping. One of the largest expenses for a water utility is the cost to repair or replace distribution infrastructure such as water mains, standpipes, and pumps. Many water utilities are faced with the imminent replacement of infrastructure that has been in service for decades and, in some cases, for close to 100 years. The costs for replacement of this type infrastructure can be recovered by a water utility through rates paid by customers over the life of the new facility. Additionally, consumer-owned water utilities may also recover the full debt repayment for these projects through rates paid by customers. As a result, the replacement of aging infrastructure or the construction of new facilities can drive substantial rate increases to water utility customers.

Water Conservation A large part of operating a water utility focuses on water conservation. Some conservation is achieved through the utilities' operations, primarily through leak detection and repair of water mains and system-wide monitoring of water usage. A water utility may promote water conservation through education of customers. Such activities often include posters, newsletters and bill stuffers which inform customers how they can reduce water consumption. Some water utilities offer, at cost, low-flow shower heads and other kits that can help customers reduce their usage. Recent rate cases have also seen a shift in the minimum charge for water service. The minimum charge is the lowest amount a customer of a water utility will pay for water service and it includes a specific amount of water. Customers who use less than this amount have no economic incentive to engage in conservation efforts. By creating a lower minimum charge and decreasing the amount of water included, water utilities allow low-usage customers greater control over their water charges and provide an incentive to conserve water.

MAJOR CASES AND EVENTS

The Maine Water Company (formerly Aqua Maine, Inc.)

The Maine Water Company, formerly Aqua Maine, Inc., is the largest investor-owned water utility in the state, operating 9 Divisions that provide water service to Camden, Rockport, Rockland, Thomaston, Owls Head, South Warren, Union, Warren; Freeport, Greenville, parts of Little Moose Township, Greenville Junction, Hartland, Parsonsfield, Hiram, Porter; Millinocket, Oakland, and Skowhegan. During 2010, Aqua Maine filed for rate increases for three of its divisions. In addition, Aqua Maine filed for Commission approval of its acquisition by Connecticut Water Services, Inc. Each of these cases is described below.

- **Aqua Maine, Inc, Millinocket Division Rate Case (Docket 2011-108)** On August 12, 2011, the Commission approved a Stipulation between Aqua Maine, Inc. (Millinocket Division) and the Office of Public Advocate, resulting in an 8.38% increase in revenues for Aqua Maine. The rate increase allows additional annual revenue to compensate for the loss of revenues due to decreased consumption following the closure of the Katahdin Paper Mill. The Commission's Order requires Aqua Maine to file a report within 6 months following any resumption of operations at the Mill detailing any associated changes to revenues. In addition, the Stipulation approved by the Commission reduced the amount of water allocated to the minimum base charge from 1200 cubic feet to 300 cubic feet per quarter.
- **Aqua Maine, Inc, Skowhegan Division Rate Case** On August 10, 2011 the Commission approved a Stipulation between Aqua Maine, Inc (Skowhegan Division) and the Office of Public Advocate resulting in a 9.16% rate increase for the Skowhegan Division. The rate increase allows additional revenues necessary due to increased operating expenses. In addition, the Stipulation approved by the Commission reduced the amount of water allocated to the minimum base charge from 600 cubic feet to 300 cubic feet per quarter.
- **Aqua Maine, Inc, Freeport Division Rate Case** On August 10, 2011, the Commission approved a Stipulation between Aqua Maine, Inc (Freeport Division) and the Office of Public Advocate resulting in an 8.99% rate increase for the Freeport Division. The rate increase allows additional revenues necessary due to increased. operating expenses. In addition, the Stipulation approved by the Commission reduced the amount of water allocated to the minimum base charge from 1,200 cubic feet to 300 cubic feet per quarter.
- **Aqua Maine, Inc, Reorganization Through Acquisition of Stock (Docket 2011-283)** On August 23, 2011, Aqua Maine, Inc., and Connecticut Water Service Inc., filed a petition seeking Commission approval of a corporate reorganization in which Connecticut Water would purchase all of the

outstanding stock of Aqua Maine from its parent company, Aqua America, Inc. The Commission commenced an adjudicatory proceeding to consider the petition and on November 9, 2011, following a hearing on the Stipulation, approved the reorganization. As a result of the merger, Aqua Maine's name will change to "The Maine Water Company." The billing and customer service systems employed by the various Maine operating divisions will not change, and no requests for rate increases will be filed for any division during 2012.

Customer Complaints Pursuant to 35-A MRSA §1302(1) any ten persons may file a complaint against a public utility alleging that the utility's acts, practices, or rates are unreasonable. During 2011, the Commission received 5 such complaints against water districts. The Commission also conducted an investigation of one additional complaint from 2010 alleging that the utility had improperly sold water resource property.

DIG SAFE

UNDERGROUND FACILITY DAMAGE PREVENTION AND ENFORCEMENT IN MAINE

The Commission is charged with enforcing Maine's underground facilities damage prevention law, called "the Dig Safe Law" (23 MRSA § 3360-A). This law is intended to prevent damage to underground utility facilities such as gas lines, water lines, or underground telecommunications and electric cables resulting from excavation.

Under the Dig Safe Law and the Commission's rule implementing the law, Chapter 895, any person or company planning to excavate near underground facilities must follow certain safety procedures, and must notify facility owners of the planned excavation. Most facility operators, such as large utilities, can be notified using the inter-state Dig Safe System. Excavators can access the Dig Safe System online at www.digsafe.com or by calling 1-800-DIGSAFE, or 811. Excavators must also notify facility operators who are not members of the Dig Safe System such as municipalities and smaller utilities. In order to help excavators locate the non-member operators near their intended excavations site, the Commission maintains the OKTODIG program, a database of non-member operators. Excavators can access this program by calling 1-800 OKTODIG or online at www.oktodig.com. Once informed of a pending excavation, utilities have an obligation to locate and mark their underground facilities in accordance with the Dig Safe Law so that excavators will be sufficiently aware of their location when they dig. Violations of the Dig Safe Law and Chapter 895 must be reported to the Commission, which then investigates the incident and determines the appropriate enforcement action, if any. To increase awareness of the provisions of the Dig Safe law and Chapter 895, the Commission performs regular training programs at its offices and also performs on-site training at the request of excavators or facility operator. The Commission also provides public education materials to improve awareness among private property owners of the importance of preventing damage to underground facilities. These materials are available on the Commission's website.

KEY EVENT

Dig Safe Stakeholder Group and Rulemaking On May 9, 2011. The Legislature, through its enactment of An Act to Clarify the Dig Safe Standards (P.L. 2011, Chapter 72) directed the Commission to participate in a stakeholder group comprising representatives of utilities, excavators, industry groups, and municipalities to develop a series of proposed revisions to Chapter 895, the Commission's rule implementing the Dig Safe Law. The Dig Safe Stakeholder Group, chaired by the Public Advocate, met in August and September and, through two-thirds majority vote, proposed a series of changes to the requirements for excavators and operators. In October, based on the proposed amendments of the Dig Safe Stakeholder Group, the Commission issued a Notice of Rulemaking (Docket No. 2011-335) to propose amendments to Chapter 895. The Commission issued an Order provisionally adopting

the new rule in December. The rule has been sent to the Legislature’s Joint Committee on Energy, Utilities and Technology for its review.

INDUSTRY TRENDS

Telecommunications facilities have continued to experience the most damage related to excavating. This can be attributed, at least in part, to the fact that there are more telecommunications facilities underground than other types. Natural gas and electric facilities have stayed well below the telecommunications industry rate of incident on average over a five year period.

The Commission endeavors to respond to an incident as soon as possible, in many cases on the same day, and assess penalties that are commensurate with the risk to people and underground services.

	2009	2010	2011
Reported Total Incidents	315	412	421
Reported Electric Incidents	62	87	85
Reported Gas Incidents	42	34	39
Reported Telecom Incidents	121	162	138
Reported Water Incidents	58	52	51
Reported Sewer Incidents	10	19	15
Reported CATV Incidents	30	45	54
Excavator Violations	170	198	156
Operator Violations	134	139	114
Penalties Assessed	\$276,600	\$309,250	\$256,350
Penalties Waived with Training*	\$64,400	\$78,600	\$78,500
Penalties Not Waived	\$212,200	\$230,650	\$180,850

*The Commission may waive penalties but require training; this is the usual practice with first time violators.

Public Awareness, Training and Education The Commission continues to work with utilities, excavators, the regional Dig Safe organization, and private property owners to promote education and training about how to reduce and prevent damage incidents involving underground facilities and ensure the safety of residents and property located near those facilities.

In 2011, the Commission supported training offered by the Managing Underground Safety Team (MUST), which includes Maine Dig Safe members, excavating contractors and underground facility location workers. Training seminars were held in Presque Isle, Bangor, Augusta, and Saco. Discussions focused on safe work practices around

underground facilities, compliant excavation site and underground facility markings, the design of various underground facilities and the risks involved when proper damage prevention steps are not taken.

The Commission also sponsored 34 certification and/or informational sessions at various businesses, organizations, trade shows and the Commission with over 1100 participants. The Commission remains committed to providing training and education for any individual or organization seeking assistance in understanding the roles and responsibilities of excavators, facility operators, the regional Dig Safe organization and the Commission.

EMERGENCY SERVICES COMMUNICATION BUREAU

E9-1-1 SERVICES IN MAINE

The Emergency Services Communications Bureau (ESCB) manages the state-wide Enhanced 9-1-1 (E9-1-1) system, which is the component of the emergency response system that delivers 9-1-1 calls and displays the telephone number and physical location of the caller at a predetermined Public Safety Answering Point (PSAP).

KEY EVENTS

- The ESCB developed a PSAP quality assurance program.
- The ESCB issued a Request for Proposals for a turnkey Next Gen 9-1-1 (NG9-1-1) System to replace the current Enhanced 9-1-1 system.
- With input from stakeholders, the ESCB developed and implemented a standardized Call Transfer Policy for use by both Public Safety Answering Points and dispatch agencies statewide.

INDUSTRY TRENDS

- Nationally and in Maine, wireless phones have accounted for the largest portion of E9-1-1 calls and payments of the E9-1-1 surcharge. See Figure 1.
- For the fifth year in a row, there were more 9-1-1 calls made from wireless phones (63%) than wireline phones (37%) in Maine. See Figure 2.
- Industry standard-setting organizations continue to define the requirements of NG9-1-1, the next step in emergency communications that will expand access to 9-1-1 from other communication devices.
- 9-1-1 governing authorities across the United States continue to explore expanding surcharges to other devices outside of a surcharge on phone lines as more types of devices are capable of accessing 9-1-1 networks.
- Text messaging is an increasingly popular method of communication, but it cannot be used today to access 9-1-1 services. Although a complete solution to expand access to 9-1-1 through other modes of communication in conjunction with NG9-1-1 implementation is still several years away, a national interim solution is expected in June 2012.

Figure 1

Number of 9-1-1 Calls Made from Wireline and Wireless Phones

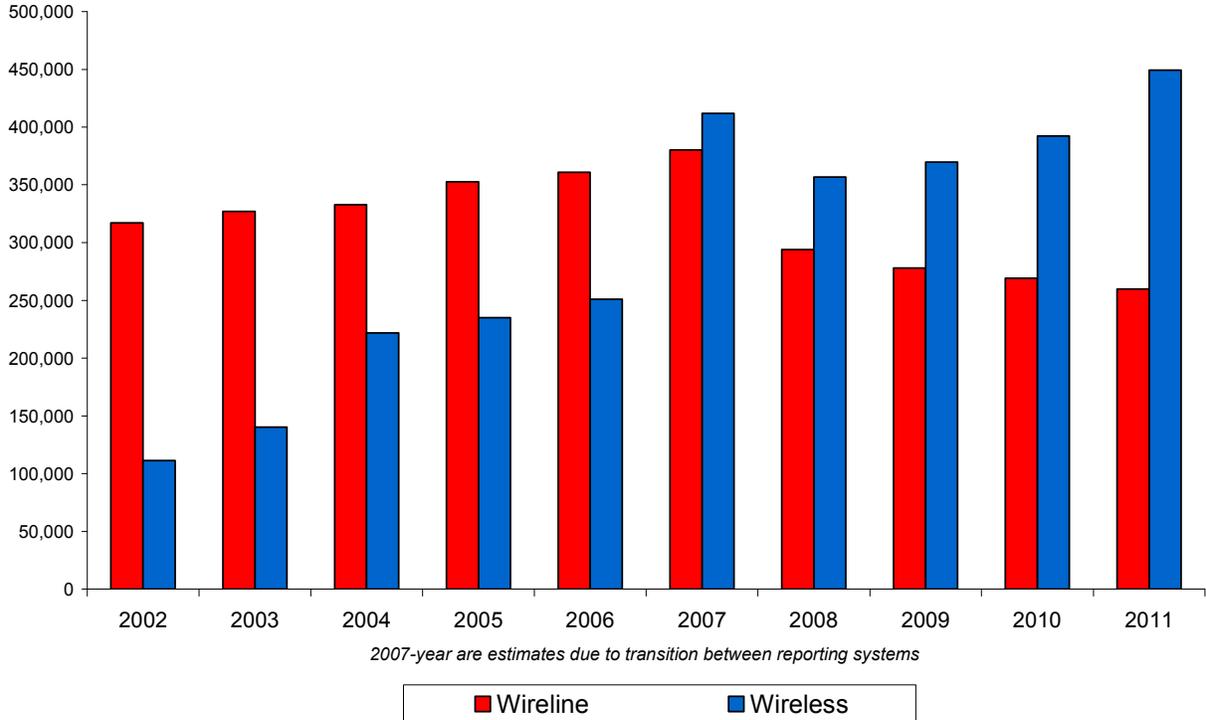
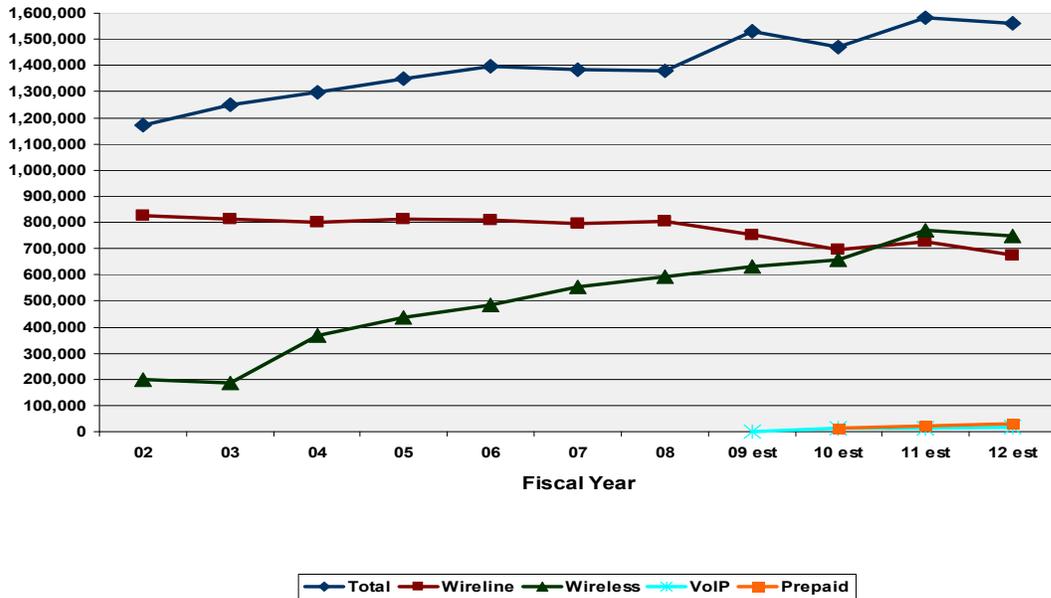


Figure 2

Number of Phone Lines Contributing to E9-1-1 Surcharge



MAJOR CASES AND EVENTS

Next Generation 9-1-1 RFP New communications media enable people to send and receive text messages, photographs and streaming video with handheld devices using Internet Protocol (IP) technologies for transmission. Automatic crash notification systems such as OnStar™ can automatically report motor vehicle accidents, and even provide information on the accident such as potential injuries. Yet none of these technologies has access to the current E9-1-1 system. NG9-1-1 service is a dramatic change in 9-1-1 that will allow call-takers to receive and recognize the location of 9-1-1 calls from any of these devices. NG9-1-1 service will move 9-1-1 from decades-old analog technologies to modern, digital IP technology. With its current telephony-based contract for Enhanced 9-1-1 services due to expire October 2013, the ESCB issued a Request for Proposal for a NG 9-1-1 system in August. Responses were received in November and an award is expected early 2012.

Call Taker and Dispatch Training The ESCB offers a complete complement of courses to ensure that 9-1-1 calltakers and dispatchers have the necessary skills to handle emergency calls.

- **Emergency Medical Dispatch (EMD).** Maine is one of only three states to require that all 9-1-1 call-takers be trained and licensed in EMD, an advanced training requirement that prepares the 9-1-1 call taker to assist callers/victims by providing life-saving instructions to follow while waiting for ambulance personnel to arrive on-scene. ESCB sponsors a 3-day EMD training including the training of new hires plus an additional 2-day training for supervisors on quality assurance review of the EMD calls.
- **Mandatory Basic Emergency Telecommunicator Course (ETC)** The ESCB offers a basic emergency telecommunicator 40-hour curriculum that covers topics including roles and responsibilities, technology, interpersonal communications call management, police/fire/emergency medical call classifications, radio dispatch procedures, quality improvement, catastrophic events, legal aspects and stress management. This training provides for a uniform base of knowledge for all newly hired emergency dispatchers statewide. All full-time dispatchers are required to take this class within one year of hire. The ETC course was also offered by Southern Maine Community College. Several community college graduates were successfully placed in full and part time employment in emergency dispatching.
- **9-1-1 Equipment & Bureau Policy Training** Initial training for newly-hired PSAP call takers consists of a 2-day equipment and certification course, which must be completed within 90 days of assignment. PSAP system administrators complete an additional 2-day advanced course in system administration.

- **Continuing Education Courses** The ESCB recognizes the need for continual skills development as well as refresher opportunities for all communication personnel, and sponsors a variety of opportunities throughout the year.

Course Name	Students Trained
PSAP New Hire Training	76
PSAP Administrator Training	15
Emergency Telecommunicator Course	76
Emergency Medical Dispatch Certification	66
Emergency Medical Dispatch Quality Assurance (ED-Q)	22
Emergency Medical Dispatch AQUA Training	18
Emergency Medical Dispatch ProQA	36

Road Centerline Conflation There are currently two statewide geographic databases maintained by two different state agencies that contain road data. This past year the ESCB, in partnership with Maine Department of Transportation (MDOT), began the first phase of achieving a single source of road centerline data, a process known as conflation. Additionally, a portion of the grant awarded to the ConnectME Authority by the National Telecommunications & Information Administration (NTIA) which had been allocated to improvement of road data, is funding a position to perform the conflation work. Franklin, Lincoln, Kennebec and Cumberland counties (with the exception of Portland) were completed as of November 2011. Work will continue during 2012.

Quality Assurance Program Development As directed by statute (P.L. 2009, Chapter 617), the ESCB began a project in 2010 to develop a quality assurance (QA) program to audit and monitor PSAP compliance with emergency dispatching standards, practices and procedures. The Commission contracted with Mission Critical Partners (MCP) to assist with this project. They issued a report, Recommendations for Establishing and Maintaining a Quality Assurance Program March 2011, outlining the steps to implementing a comprehensive QA program in Maine.

The following activities were undertaken in response to the report:

- **Expansion of the existing QA system to encompass fire and police call processing protocols** The Emergency Medical Dispatch protocols currently in place provide the benchmark upon which QA can effectively be performed. This would mean implementing companion protocols for both fire and police. Of particular concern to stakeholders are the resources required for QA review of calls. The Bureau is currently reviewing implementation options.

- **Call Transfer Policy Development** The ESCB convened a group of PSAP and dispatch center stakeholders to develop a state-wide call transfer policy. The goal is to improve efficiencies and positively impact emergency response times. Field testing is underway. Results will be reviewed by the stakeholder group in early 2012 for any needed revisions. Once finally adopted by the ESCB, it will be added to the curriculum of the Emergency Telecommunicator Course and the 9-1-1 Equipment Training as the method to use when transferring calls.
- **9-1-1 Cell Call Re-routing** As the number of 9-1-1 calls generated from wireless phones grows and the number of 9-1-1 calls from wireline phones declines the original call routing model of having all wireless traffic directed to Department of Public Safety PSAPs should be changed. For the last several years, the ESCB has gradually moved wireless emergency call traffic from DPS PSAPs to municipal and county centers throughout the state. As noted by the Mission Critical report, this redirection of calls should increase efficiency and reduce emergency response times by connecting callers directly to the most likely point of dispatch. It also lessens the call burden on the DPS PSAPs. In 2011 alone, an estimated 75,000 calls were re-routed and arrangements have been made to move an additional 40,000 calls by the end of the first quarter 2012.
- **Annual PSAP Self-Audit** In an effort to measure the compliance and performance of PSAPs, the ESCB instituted an annual PSAP Self-Audit process in November. The audit covers the same topics reviewed on site last year by Mission Critical. PSAPs need to demonstrate compliance with ESCB rules, as well as the Bureau of EMS rules related to EMD. ESCB Administrative Rules require PSAPs to answer all calls in ten seconds or less 90% of the time. All PSAPs met this requirement. See Figure 3.

Figure 3

Call Center Efficiency
1/1/11 to 12/31/11

PSAP	Incoming 911 Calls	Calls Answered ≤ 10 seconds	Avg Ring Duration
Androscoggin Cty SO	9,479	97.80	6
Bangor PD	21,197	98.86	4
Biddeford PD	11,129	98.32	5
Brunswick PD	10,705	99.40	3
CMRCC	70,777	92.10	5
Cumberland Cty RCC	22,538	97.10	6
DPS Gray	153,223	97.74	4
DPS Houlton	11,134	98.12	5
DPS Orono	62,126	95.90	5
Franklin Cty RCC	10,234	98.50	4
Hancock Cty RCC	8,655	98.80	5
Knox Cty RCC	24,184	99.40	4
Lewiston Auburn 911	40,510	98.50	4
Lincoln Cty RCC	13,876	99.60	4
Oxford Cty RCC	19,572	99.70	4
Penobscot Cty RCC	39,077	94.40	6
Piscataquis Cty SO	4,852	97.90	5
Portland PD	64,894	92.80	6
Sagadahoc Cty RCC	11,878	99.96	3
Sanford PD	22,016	99.67	4
Scarborough PD	8,155	98.60	5
Somerset Cty RCC	31,559	99.86	4
Waldo Cty RCC	10,289	97.40	6
Washington Cty RCC	8,847	98.60	6
Westbrook PD	11,056	97.90	5
York PD	7,256	99.32	4

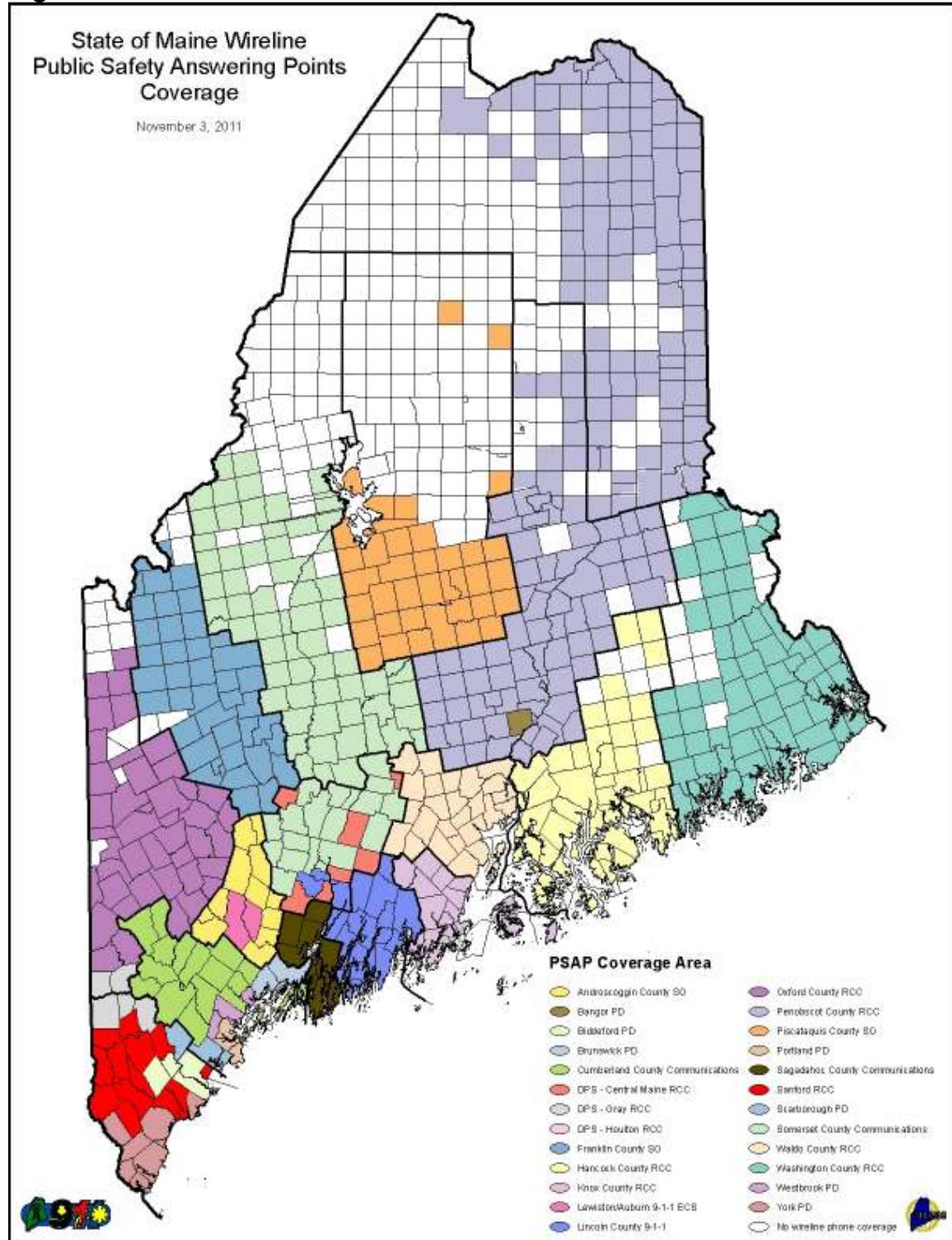
Total Calls	709,218
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Voluntary Dispatch Consolidation During 2011, four municipal emergency communications centers voluntarily ceased 24-hour dispatch operations and consolidated into larger PSAP/dispatch facilities. See Figure 4 for PSAP coverage areas.

- The City of South Portland completed a PSAP and dispatch merger with the City of Portland. The project took several years of planning and the transition over a year to accomplish. The consolidated center also includes the Town of Cape Elizabeth, which eliminated its dispatch operations in 2009.
- The towns of Old Orchard Beach and Kennebunk discontinued their 24-hour dispatch operations in favor of PSAP and dispatch consolidation with the Sanford Regional Communications Center.
- The Town of Bridgton discontinued its 24-hour dispatch operation in favor of obtaining full PSAP/dispatch services from the Cumberland County Regional Communications Center.

All the above noted consolidations were consistent with plan outlined in the Public Safety Answering Point Report published November 1, 2010.

Figure 4



CONSUMER ASSISTANCE

MISSION STATEMENT/PURPOSE

The Consumer Assistance Division (CAD) is the Commission's primary link with utility customers. The CAD is charged with ensuring that consumers, utilities, and the public receive fair and equitable treatment through education, complaint resolution, and evaluation of utility compliance with consumer protection rules. As part of its mission, the CAD is responsible for educating the public and utilities about consumer rights and responsibilities and other utility-related consumer issues, for investigating and resolving disputes between consumers and utilities, and for evaluating utility compliance with State statutes, Commission rules and the utility's Terms & Conditions for service. The Commission also uses information about consumer contacts with the CAD and other CAD data as a basis for enforcement actions, Commission investigations and in other Commission proceedings.

KEY EVENTS

- In an effort to improve call answer performance in 2011, the CAD began tracking the number of calls made to its consumer hotline that were answered within one minute and the percentage of calls abandoned. As part of the improvement effort, the CAD established a goal of answering 80% of calls within one minute, with a call abandonment rate of 8% or less. Results of this effort show that the CAD significantly exceeded its goal by answering 93% of calls received within one minute, while maintaining a call abandonment rate of 4%.
- As discussed in last year's report, the Commission adopted Chapter 660, the Commission's new consumer protection rule for water utilities. Chapter 660 establishes the minimum standards for the provision of service and the administration of credit and collection programs by water utilities and took effect on January 1, 2012. The rule governs granting and denying service, credit and deposit practices, billing, disconnection, customer complaint procedures and methods of obtaining waivers. CAD staff, in conjunction with the Maine Rural Water Association (MRWA), conducted four training sessions across the State for water utility staff in 2011 to familiarize them with the requirements of the new rule. MRWA estimates that 124 utility staff participated in the training sessions.

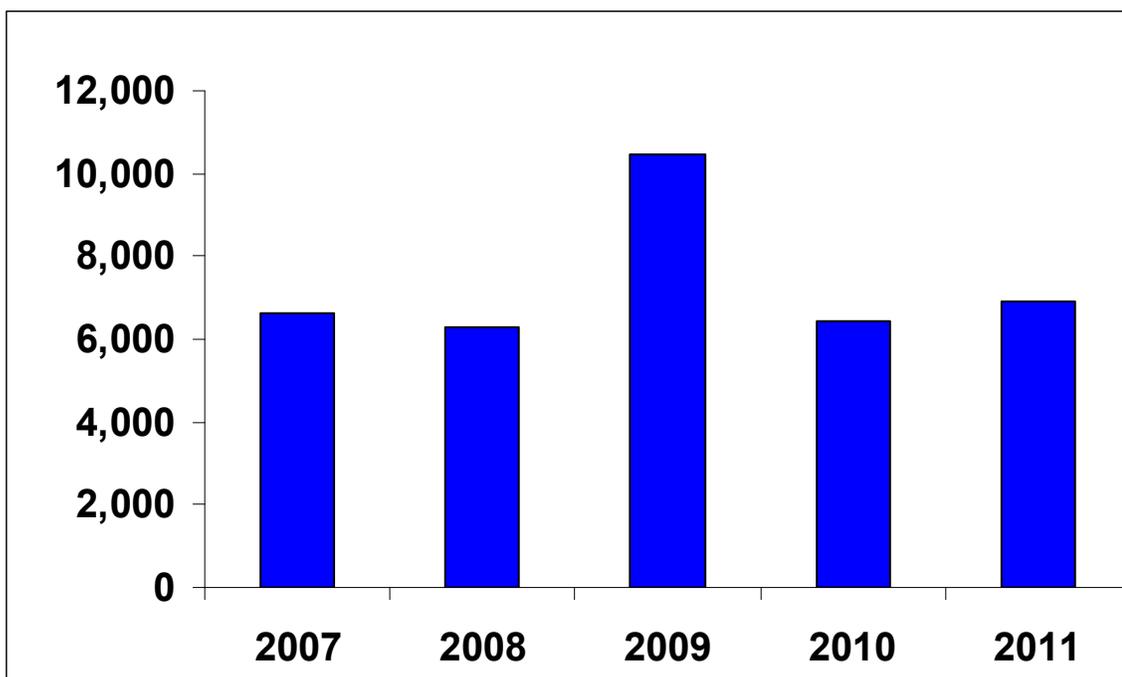
INDUSTRY TRENDS

CAD Contacts The CAD tracks its contacts with both consumers and utilities. Contacts take several forms, such as the general provision of information and assistance, investigation of a complaint involving a customer dispute with a utility that the parties have been unable to resolve, or processing a request by an electric or gas utility to disconnect a customer during the winter period (November 15 to April 15). The CAD recorded 6,922 consumer contacts in 2011. This was an 8% increase from the 6,417 contacts received in 2010 and a 34% decrease from the 10,475 contacts received in 2009.

As shown in Figure 1, the number of overall contacts increased slightly in 2011 over 2010. The increase in contacts is related primarily to inquiries from CMP customers regarding Smart Meters. The CAD received 365 contacts from customers in 2011 relating to meters, with the vast majority relating to Smart Meters. This compares to 23 contacts in 2010 relating to meters.

Figure 1

CAD Contacts 2007-2011



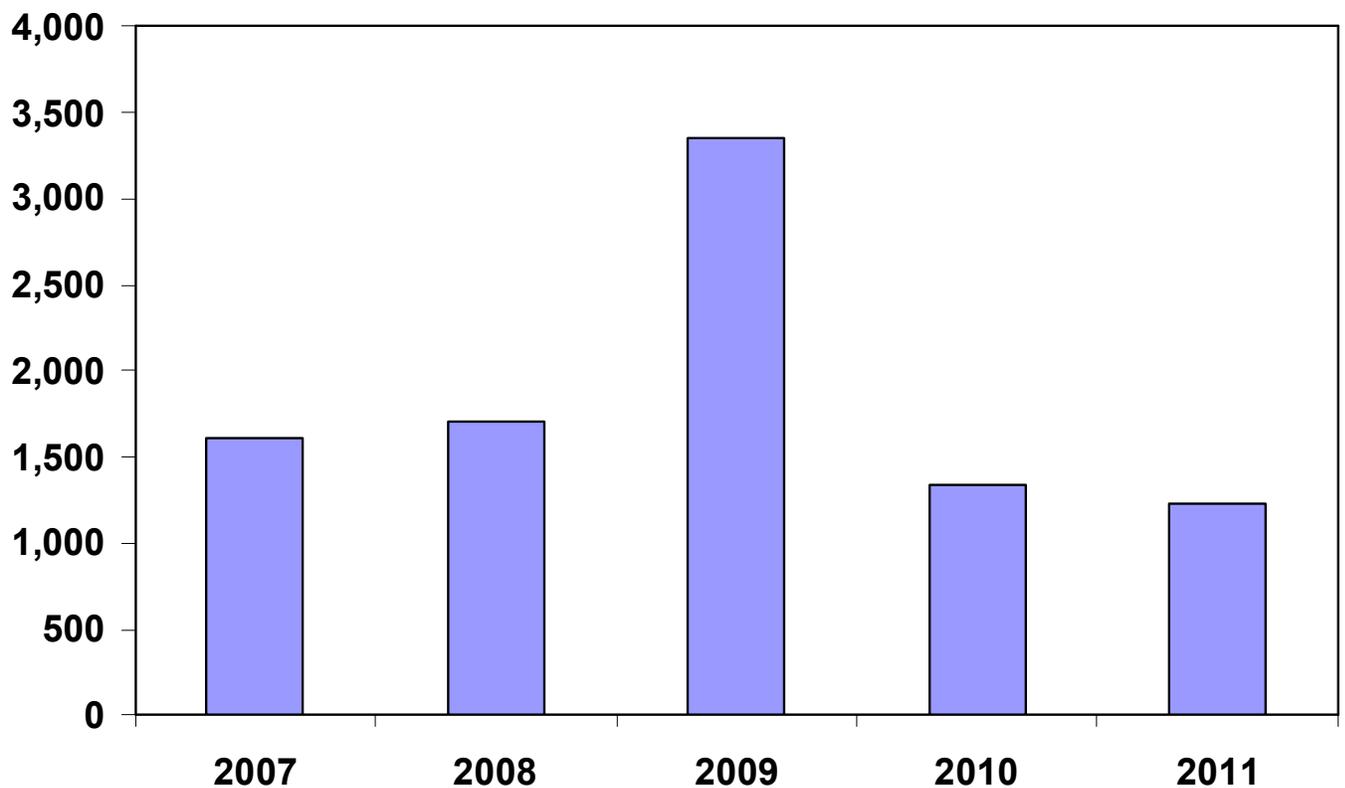
The CAD receives the majority of its consumer contacts by telephone and strives to answer the majority of calls within one minute. Prior to 2011, the CAD evaluated its call answer performance by tracking the percentage of calls answered by a live person. While this method was effective at evaluating the number of calls answered live, it gave the same weight to a call that was answered in five minutes to a call that was answered

in one minute. To ensure that calls were not only being answered by a live person, but also were being answered in a timely manner, the CAD established the new goal of answering 80% of calls within one minute. Though the new goal was significantly more difficult to achieve, the CAD was nonetheless able to answer as many calls within one minute (93%) in 2011 as had been answered in the previous year (94%) by a live person in total.

Consumer Complaints As shown in Figure 2, the CAD received 1,232 complaints in 2011. This was an 8% decrease from the 1,344 complaints received in 2010 and a 63% decrease from the 3,357 complaints received in 2009.

Figure 2

Consumer Complaints 2007-2011



The CAD received 778 complaints against electric utilities in 2011, compared to 716 complaints in 2010 and 1,947 complaints in 2009. The percentage of complaints received in 2011 against electric utilities (63%) was higher than the percentage of complaints received against electric utilities in 2010 (54%) and in 2009 (58%). This increase was caused by a decrease in complaints received against telecommunications providers over the last two years, with complaints filed against FairPoint driving this trend. The CAD received 284 complaints against telecommunications providers in 2011, compared to 473 complaints in 2010 and 1,208 complaints in 2009. The CAD resolved 62% of complaints it received within 30 days and resolved 89% of complaints received within 60 days in 2011.

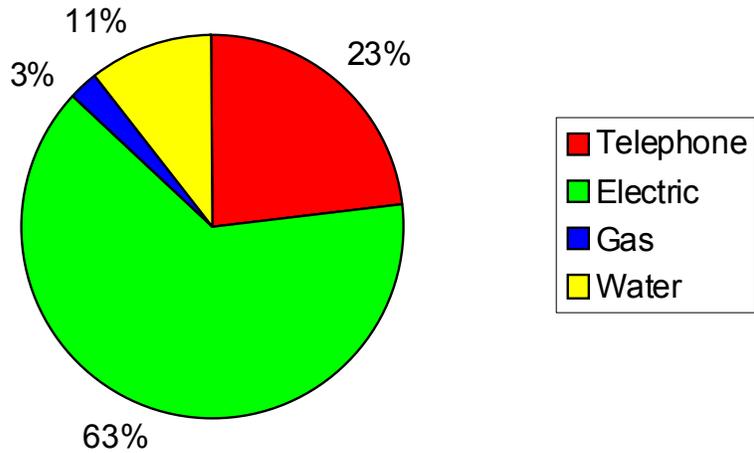
The graph in Figure 3 confirms that the number of complaints received in 2011 is consistent with the number of complaints the CAD received in 2010, as well as the number of complaints received in years prior to 2009. The primary cause for the large number of customer complaints in 2009 was a large number of complaints filed against CMP and FairPoint. The large number of complaints filed against CMP was related to a high number of payment troubled customers seeking assistance from the CAD. The large number of complaints filed against FairPoint was related to the problems FairPoint encountered while transitioning from Verizon's back office systems to its own back office systems after its merger with Verizon in 2008. Complaint statistics for both of these companies are discussed further below.

Complaints filed against FairPoint have dropped each year since 2009. Improvements to its back office systems following the cutover from Verizon's systems to its own system in February of 2008 have allowed the Company to process orders and repair customers' service in a more timely manner, which in turn reduced the number of complaints filed with the CAD in 2010. Though service complaints were dramatically reduced from 2009 to 2010, the CAD continued to receive a large number of billing complaints throughout 2010 and during the early part of 2011. Commission staff met with FairPoint on two separate occasions in 2011 to discuss its ongoing billing problems and to encourage a permanent resolution to the underlying billing system defects. FairPoint implemented changes to its billing system during the first and second quarters of 2011 to address the billing problems. As a result, customer complaints dropped from 373 in 2010 to 189 in 2011.

Complaints against CMP dropped dramatically from 1,488 in 2009 to 490 in 2010. In 2011, however, complaints increased 19% to 583. The primary cause of the increase from 2010 to 2011 was an increase in the number of payment troubled customers seeking CAD's assistance. Many of these customers were under the immediately threat of disconnection when they contacted the CAD. These complaints can be very challenging to resolve because some customers lack sufficient income to pay their current bill and a reasonable portion of their past due amount. In these situations, the CAD ensures that the customer is on a reasonable payment arrangement and provides guidance to the customer about obtaining financial assistance.

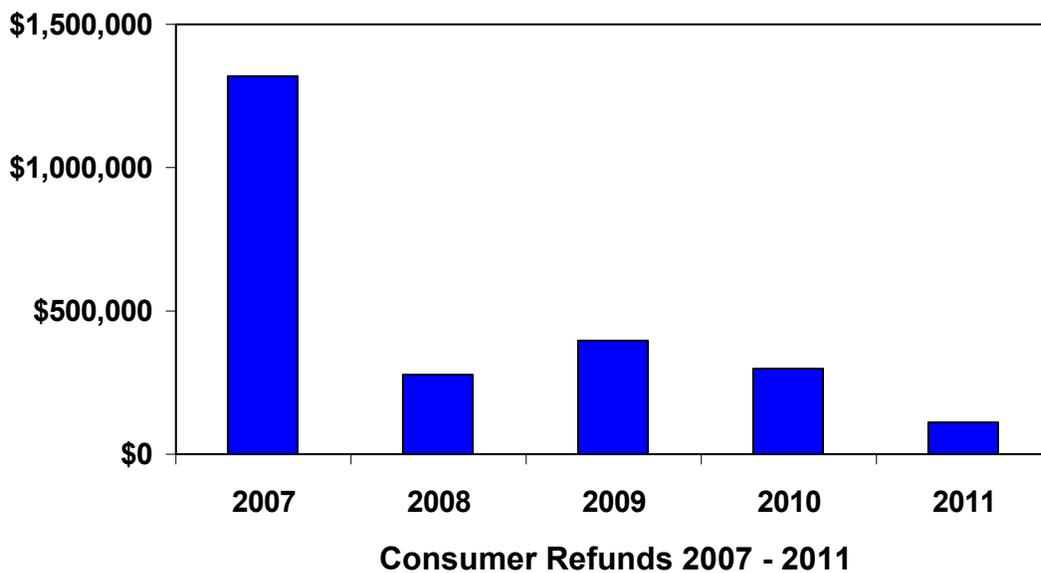
Figure 3

Complaints Received in 2011



Refunds to Consumers The CAD frequently obtains credits or refunds for customers as part of its resolution of customer complaints filed against utilities. In 2011, approximately \$110,000 was abated by utilities to customers. This is a reduction from the \$300,000 that was abated by utilities in 2010 and from the \$402,820 abated in 2009. The primary reason for the reduction in abatements is the decrease in FairPoint complaints. See Figure 4. As previously discussed, complaints against FairPoint decreased 49% from 2010 to 2011. The majority of complaints filed against FairPoint in 2010 and 2011 related to billing disputes and many of the CAD decisions resolving these billing complaints ordered credits. Consequently, a reduction in the number of customer complaints likely resulted in a similar reduction in the amount of abatements ordered by the CAD.

Figure 4



RULEMAKINGS

During its 2011 session, the Legislature enacted two resolves relating to business customer deposits. Resolve 2011, chapter 38 directed the Commission to amend Chapter 815 to require that deposits paid by small businesses with impeccable bill-paying histories be returned after a reasonable period. Resolve 2011, chapter 32 directed the Commission to by rule require transmission and distribution (T&D) utilities to consider a business owner's prior credit history with another T&D utility when determining whether to require a deposit for service to a new business of that business owner, provided the business owner requests this consideration and provides permission for the other T&D utility to share the credit history information. The Resolve further provided that the rules require a T&D utility to consider the business owner's prior credit history with the other T&D utility in the same manner that it would consider the prior history of a business owner in its own service territory. In response to these Resolves, the Commission provisionally adopted the necessary amendments to Chapter 815 on November 4, 2011 and has forwarded the provisionally adopted rule to the Joint Committee on Energy, Utilities and Technology for review and final adoption.

LOW INCOME PROGRAMS

Electric Low-Income Assistance and Oxygen Pump/Ventilator Programs Pursuant 35-A M.R.S.A. § 3214(6)

The Commission is required by 35-A MRSA § 3214(6) to annually report the results of the Low Income Assistance Program (LIAP) and Oxygen Pump/Ventilator benefits to the Utilities and Energy Committee. The report must, at a minimum, include:

- For each month of the program year, the number of participants enrolled in low-income assistance programs, the number receiving oxygen pump benefits and the number receiving ventilator benefits;
- For each month of the program year, the dollar amount of low income assistance program benefits, the dollar amount of oxygen pump benefits and the number receiving ventilator benefits; and
- An assessment of the effectiveness of the oxygen pump benefit and ventilator benefit with regard to covering only those electric charges directly related to use of an oxygen pump or ventilator by the program participant.

Figure 5 summarizes the information relating to the LIAP and Oxygen Pump/Ventilator benefits on a state-wide basis. The statistics are derived from the quarterly reports submitted by T&D utilities.

Figure 5

Month	LIAP Program		Oxygen Program		Ventilator Program	
	Number of Participants	Amount of Benefit	Number of Participants	Amount of Benefit	Number of Participants	Amount of Benefit
October 2010	10,151	\$ 323,891	246	\$9,643	0	0
November 2010	14,777	\$899,704	320	\$17,329	1	\$44
December 2010	17,622	\$967,883	498	\$22,753	1	\$27
January 2011	18,599	\$1,028,948	614	\$26,387	5	\$264
February 2011	19,520	\$993,906	526	\$21,613	6	\$211
March 2011	20,591	\$1,339,760	581	\$25,105	6	\$185
April 2011	22,191	\$940,480	553	\$18,430	7	\$216
May 2011	21,931	\$580,323	526	\$16,456	7	\$173
June 2011	20,653	\$487,008	521	\$23,110	3	\$66
July 2011	18,412	\$300,316	476	\$11,140	3	\$57
August 2011	18,391	\$368,737	487	\$16,556	3	\$48
September 2011	17,493	\$305,603	443	\$11,691	3	\$54
Total		\$8,536,558		\$220,212		\$1,346

SUMMARY OF COMMISSION RULEMAKINGS

Chapters 285 and 288, Maine Telecommunications Education Access Fund and Maine Universal Service Fund

This rulemaking clarified that all telecommunications carriers, including prepaid wireless and VOIP providers are subject to the contribution requirements of these two funds.

Chapter 306, Customer Disclosure Label Distribution Requirements

These amendments remove the requirement for Competitive Electricity Providers and Transmission and Distribution Utilities to distribute by mail quarterly information disclosures concerning standard offer supply pursuant to P.L. 2011, Chapter 284.

Chapter 316, Long Term Contract and Resource Adequacy

These amendments reflect legislative changes enacted since 2007 and the Commission's experience administrating the rule. The amendments were finally adopted based upon the Legislature's approval in Resolve 2011, Chapter 10. Additional amendments were provisionally adopted pursuant to P.L. 2011, Chapter 413 and, as major substantive rules, will be forwarded to the Legislature for its consideration.

Chapter 327, Ceiling on Energy Efficiency Spending From the Energy and Carbon Savings Trust Fund and Rebate to Electric Ratepayers

This rulemaking established a new rule to provide a system under which proceeds from the sale of carbon dioxide allowances in excess of \$5.00 per carbon allowance may be returned to ratepayers as required by 35-A MRSA § 10109.

Chapter 420, Safety Standards for Natural Gas and Liquefied Natural Gas Facilities Operations

This rulemaking repealed the then existing Chapter 420 and adopted a new Chapter 420 that updates the safety requirements applicable to natural gas and liquefied natural gas utilities. Liquefied petroleum gas is now treated in a new rule, Chapter 421.

Chapter 421, Safety and Operation Standards for Liquefied Petroleum Gas

This rulemaking created a new rule to govern safety and operation requirements and enforcement procedures for LPG Distribution Systems. The rule was later amended pursuant to P.L. 2011, Chapter 197 and has been provisionally adopted. As a major substantive rule it will be forwarded to the Legislature for its consideration.

Chapter 660, Consumer Protection Standards for Water Utilities

This rulemaking created a new rule establishing the minimum standards for the provision of service and the administration of credit and collection programs by water utilities. It took effect on January 1, 2012.

Chapter 710, Auditing Requirements for All Public Utilities

This rulemaking amended provisions of the rule to exempt qualified small water utilities from certain audit requirements as required by recent amendments to 35-A MRSA § 505.

Chapter 815, Consumer Protection Standards for Electric and Gas Transmission and Distribution Utilities

This rulemaking added provisions to require utilities to return deposits to certain commercial customers as required by Resolves 2011, chapters 32 and 38. This rule has been provisionally adopted and as a major substantive rule, it will be forwarded to the Legislature for its consideration.

Chapter 895, Underground Facility Damage Prevention Requirements

This rulemaking amended the rule to make changes consistent with Resolve 2011, Chapter 31. Further amendments were provisionally adopted as required by P.L. 2011, Chapter 72. These amendments are major substantive and will be forwarded to the Legislature for its consideration.

2011 REPORTS TO THE LEGISLATURE

The Commission submitted the following reports to the Legislature in 2011:

- E9-1-1 Access Only Report 1/15/11
- Report on Community-Based Renewable Energy Pilot Program 1/15/11
- Report Regarding Public Safety Issues Relating to the Disconnection of Certain Utilities 1/28/11
- 2011 Annual Report 1/31/11
- Annual Report on the New Renewable Portfolio Standard 3/31/11
- Regional Greenhouse Gas Initiative Price Impacts Report 4/5/11
- Annual Report on Alternative Forms of Regulation for Telephone Utilities 8/25/11
- Report Regarding Accounting and Tracking Resources For Matters Related to Communications Service Providers Not Subject to the Assessment 9/1/11*
- Report Regarding Maine Telecommunications Education Fund Funds for Non-instructional Facilities 10/18/11*
- Long Term Contracts Report 11/4/11*
- Plan of the Maine Public Utilities Commission to Reform Telecommunications Regulation 12/31/11

* These reports were delivered early to the Legislature but were not due until January 15, 2012.

FISCAL INFORMATION

The Commission is required by 35-A MRSA § 120 to report annually to the Joint Standing Committee on Utilities and Energy on its planned expenditures for the year and on its use of funds in the previous year. This section of the report fulfills this statutory requirement and provides additional information regarding the Commission's budget. All references in this section are to fiscal years -- July 1 to June 30.

In FY2011, the Commission regulated 591 utilities with gross revenues of approximately \$900 million, enforced Maine's underground facilities damage prevention law, managed the state-wide Enhanced 9-1-1 (E9-1-1) system, and oversaw the programs of Efficiency Maine and the State Energy Program.

The Emergency Services Communications Fund (E9-1-1)

This fund had an unencumbered balance of \$1,424,359 and an encumbered balance of \$1,416,820 brought forward from FY2010. \$8,590,163 was expended in FY2011. An unencumbered balance of \$756,022 and an encumbered balance of \$1,540,899 were brought forward to FY2012. The surcharge collected in FY2011 was \$8,370,233.

PUC Regulatory Related Accounts

Regulatory Fund

The authorized Regulatory Fund assessment for FY2011 was \$8,069,573. An unencumbered balance of \$3,453,604 and encumbrances of \$363,702 were brought forward from FY2010. The Commission spent \$6,860,658 in FY2011.

An encumbered balance of \$750,570 and an unencumbered balance of \$4,731,262 were brought forward to FY2012. The encumbered balances generally represent ongoing contracts.

Reimbursement Fund

In FY2011, the Commission collected \$3,200 in filing fees, \$228 in copying fees and \$190,114 in fines. An unencumbered balance of \$469,854 and an encumbered balance of \$107,113 were brought forward from FY2010. During FY2011, \$95,120 was expended. An encumbered balance of \$21,895 and an unencumbered balance of \$378,055 were brought forward to FY2012.

Education Fund

An unencumbered balance of \$748 was brought forward from FY2010. \$0 was expended in FY2011, and \$748 was the unencumbered balance brought forward to FY2012.

Damage Prevention Grant 2011

During FY2011, the Commission received a Damage Prevention Grant from US DOT Pipeline and Hazardous Materials Safety Administration in the amount of \$42,979. In FY2011, \$0 was expended, leaving an unencumbered balance of \$42,979 brought forward to FY2012.

PUC Regulatory Related Accounts – ARRA

Smart Grid Resiliency

In FY2010, the Commission was awarded a Recovery Act – Energy Assurance Planning State of Maine grant from the Federal Department of Energy. The total amount of the grant is \$320,789 with a period of August 12, 2009 to August 14, 2012. In FY2011, \$159,060 was expended.

State Electricity Regulators

In FY 2010, the Commission was awarded a State Electricity Regulators assistance grant from the Federal Department of Energy. The total amount of the grant is \$783,554 with a grant period of November 1, 2009 to December 31, 2013. In FY2011, \$148,739 was expended.

The Budget in Perspective

Table 1 details the Commission's FY12 Expenditure plan.

The Regulatory Fund Assessment in Perspective

Table 2 details the most recent ten years of Regulatory Fund assessments from Annual Reports filed by the utilities with the Commission. They include revenues for the previous year ending December 31.

Calculations are made to determine what percentage of the revenues reported by regulated utilities will produce the amount authorized by statute. The derived factors that will raise the authorized amount are applied against the reported revenues of each utility.

Under 35-A MRS § 116, on May 1 of each year an assessment notice is mailed to each utility regulated by the Commission. The assessments are due on July 1.

Funds derived from this assessment are for use during the fiscal year beginning on the same date.

The total assessment for FY2011 was \$8,069,573. The assessment breakdown by utility sector was: Electric – \$4,234,560; Telecommunications - \$2,259,695; Natural Gas - \$997,666; Water - \$572,394 and Water Common Carrier -\$5,258.

Table 1

FY2012 Work Program

Regulatory Fund	
Position Count	(56.25)
Personal Services	5,194,247
All Other	1,962,485
Capital	0
Total	7,156,732
Commission Reimbursement Fund	
Position Count	(1)Limited Period
Personal Services	121,786
All Other	61,316
Capital	0
Total	183,102
Commission Consumer Education Fund	
All Other	0
Commission Damage Prevention	
All Other	50,000
Oversight and Evaluation Fund	
All Other	138,500
Emergency Svcs. Comm. (E-911)	
Position Count	(5)
Personal Services	435,530
All Other	7,932,221
Capital	0
Total	8,367,751
Smart Grid Resiliency (ARRA)	
All Other	**40,997
State Electricity Regulators (ARRA)	
Position Count	(2) Limited Period
Personal Services	175,256
All Other	0
Capital	0
Total	***175,256

*Financial Orders 000322 F2

**Financial Order SS#0360 F12

***Financial Order SS#0`196 F12

Table 2

Commission Regulatory Fund Assessments for the Past Ten Years Table 2								
Year	Electric	Telecom	Water	Gas	Water Carriers	Total Utilities	Amount Billed	Amount Authorized
	Revenues	Revenues	Revenues	Revenues	Revenues	Revenues		
2001	1,181,804,581	521,331,046	95,682,346	36,311,777	3,123,023	1,838,252,773	4,918,000	4,918,000
2002	547,912,962	500,763,978	98,835,956	55,824,836	3,521,316	1,206,859,048	5,236,000	5,236,000
2003	535,509,552	538,050,538	101,802,792	53,466,479	3,713,543	1,232,542,904	5,505,000	5,505,000
2004	524,156,143	508,708,861	105,043,583	64,913,705	3,823,145	1,206,645,437	5,505,000	5,505,000
2005	511,898,621	479,535,534	66,382,651	107,317,453	2,809,273	1,167,943,532	5,505,000	5,505,000
2006	531,365,202	492,780,390	110,130,702	71,921,808	2,949,997	1,209,148,099	5,505,000	5,505,000
2007	493,598,549	436,922,435	111,089,598	66,028,479	3,655,720	1,111,294,781	7,647,403	7,647,403
2008	475,656,450	425,737,517	115,900,129	73,573,876	-0- *	1,090,867,872	7,172,489	7,172,489
2009	411,688,463	385,333,830	119,538,309	75,026,949	-0-*	991,587,551	7,419,695	7,419,695
2010	374,604,109	317,191,824	121,107,181	76,880,341	3,591,115	893,374,570	8,069,573	8,069,573

*Revenues not included in assessment calculation.

CURRENT COMMISSIONERS' BIOGRAPHIES

Thomas L. Welch was appointed Chairman of the Maine Public Utilities Commission in April 2011. He had previously served as Chair of the Commission from 1993-2005. Between his Commission appointments, Commissioner Welch worked for PJM Interconnection, a Pennsylvania-based Regional Transmission Organization, and for five years was an attorney at Pierce Atwood, LLP, in Portland, Maine, specializing in energy and utility law. Before moving to Maine in 1993, he served as Chief Deputy Attorney General for Antitrust in the Pennsylvania Attorney General's Office, in-house counsel for Bell Atlantic, and Assistant Professor at Villanova University School of Law. Commissioner Welch graduated from Stanford University in 1972 and received his law degree from Harvard Law School in 1975. His term expires in March 2017.

Vendean V. Vafiades was first appointed to serve as Commissioner on the Maine Public Utilities Commission in January 2007 and then reappointed in March of that year. From 1997 until her appointment, Commissioner Vafiades served as a judge on the District Court, and was appointed as the Chief Judge in 2002. Commissioner Vafiades also served as a Chief Deputy Attorney General and Counsel to the University of Maine System. Commissioner Vafiades received her Juris Doctor from the University of Maine School of Law in 1985. Her term expires in March 2013.

David P. Littell was appointed to the Maine Public Utilities Commission in September 2010. Until this appointment, he served as the Commissioner of the Maine Department of Environmental Protection for five years starting in 2005, and served two earlier years as Deputy Commissioner. Commissioner Littell was an attorney at Pierce, Atwood from 1992-2003, the last four years as partner. From 1994-2004, he was an intelligence officer in the United States Navy Reserves and resigned as a lieutenant commander in 2004. Commissioner Littell received his Juris Doctor from Harvard Law School in 1992 and his A.B. from Princeton University's Woodrow Wilson School of Public and International Affairs in 1989. His term expires in March 2015.

PAST COMMISSIONERS

1915 – 2011

* Benjamin F. Cleaves	1915-1919	Diantha A. Carrigan	1977-1982
William B. Skelton	1915-1919	Cheryl Harrington	1982-1991
Charles W. Mullen	1915-1916	* David Moskovitz	1984-1989
John E. Bunker	1917-1917	* Kenneth Gordon	1988-1993
Herbert W. Trafton	1918-1936	Elizabeth Paine	1989-1995
* Charles E. Gurney	1921-1927	Heather F. Hunt	1995-1998
Albert Greenlaw	1924-1933	William M. Nugent	1991- 2003
* Albert J. Stearns	1928-1934	* Thomas L. Welch	1993-2005
Edward Chase	1934-1940	Stephen L. Diamond	1998-2006
* Frank E. Southard	1935-1953	* Sharon M. Reishus	2003-2010
C. Carroll Blaisdell	1937-1941	* Kurt Adams	2005-2008
James L. Boyle	1941-1947	* Jack Cashman	2008-2011
George E. Hill	1942-1953		
Edgar F. Corliss	1948-1954		
* Sumner T. Pike	1954-1955		
Frederick N. Allen	1954-1967	*Chairman	
Richard J. McMahon	1955-1961		
* Thomas E. Delahanty	1955-1958		
* David M. Marshall	1958-1969		
* Earle M. Hillman	1962-1968		
* John G. Feehan	1968-1977		
Leslie H. Stanley	1970-1976		
* Peter Bradford	1971-1977		
	1982-1987		
Lincoln Smith	1975-1982		
* Ralph H. Gelder	1977-1983		

